FORTIS BANK

Annual Report 2008

Fortis Bank SA/NV

Introduction

Fortis Bank had a highly challenging year 2008 during which – like many other financial institutions – it was confronted with a systemic financial crisis of unprecedented proportions. This situation proved particularly difficult for Fortis Bank given the integration project of the in 2007 acquired ABN AMRO activities.

This Annual Report includes several sections, paragraphs and disclosures clarifying the events of 2008 and their impact on the financial position and results of Fortis Bank, as reported in the 2008 Financial Statements.

The 2008 Annual Report of Fortis Bank contains the Annual Report on a consolidated basis and the Annual Report on a non-consolidated basis. Both Annual Reports include the Report of the Board of Directors, the Statement of the Board of Directors, the composition of the Board and a section on Corporate Governance, followed by the audited Financial Statements 2008. The Fortis Bank Consolidated Financial Statements 2008, with comparative figures for 2007, are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Financial Statements 2008 of Fortis Bank SA/NV (non-consolidated) are prepared based on the rules laid down in the (Belgian) Royal Decree of 23 September 1992 on the annual accounts of credit institutions.

Since Fortis Bank is managed as one integrated unit, the main evolutions and events are described at a consolidated level in the Report of the Board of Directors. This report contains an overview of the events of the year 2008, followed by a reminder of Fortis Bank's core activities and businesses. Subsequently, this section continues with an elaboration of the profit/loss evolution ('Comments on the Fortis Bank 2008 consolidated financial results and financial position') and is completed by two (more technical) parts, which provide detailed analytical comments on the underlying result evolution ('Comments on the evolution in underlying results') and comments on the Balance Sheet evolution ('Comments on the evolution of the Balance Sheet').

All amounts in the tables of these Financial Statements are denominated in millions of euros, unless stated otherwise. Because figures have been rounded off, small differences between tables and with previously reported figures may occur. Certain reclassifications have been made with regard to the prior year's Financial Statements in order to make them comparable to the presentation for the year under review.

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Report of the Board of Directors

A highly challenging year 2008

2008 was a turbulent year, during which Fortis Bank and Fortis – the former group holding company of Fortis Bank – like many other financial institutions, were confronted with a systemic financial crisis of unprecedented proportions. Fortis Bank's operational and financial activities were especially impacted in 2008, because of the integration project of the in 2007 acquired ABN AMRO activities, absorbing significant resources and competences. This project ended abruptly at the beginning of October 2008, when Fortis Bank had to be restructured with the assistance of the Belgian, Luxembourg and Dutch Governments, followed by negotiations with BNP Paribas to take a majority position in Fortis Bank.

On 29 September 2008, the Belgian State invested EUR 4.7 billion in Fortis Bank SA/NV in return for 49.9% of the common equity of Fortis Bank. The Luxembourg State invested EUR 2.5 billion in Fortis Banque Luxembourg SA in the form of a subordinated loan. On 15 December 2008, the Luxembourg State obtained 49.9% of the common equity of Fortis Banque Luxembourg, by converting EUR 2.4 billion of this loan in equity.

On 3 October 2008, Fortis Bank Nederland (Holding), Fortis Verzekeringen Nederland and Fortis Corporate Insurance were sold to the Dutch State for a total consideration of EUR 16.8 billion, of which EUR 4 billion benefited Fortis and the remaining EUR 12.8 billion Fortis Bank. This deal was closed on 6 October 2008.

On 6 October 2008, Fortis announced the sale of the remaining 50% plus one share in Fortis Bank to the Belgian State for EUR 4.7 billion. This sale was closed on 10 October 2008 by way of a Share Purchase Agreement (SPA) between Fortis and the Belgian State. The Belgian Government made an agreement (Protocole d'Accord of 10 October 2008) with BNP Paribas on the subsequent transfer of 75% of the Fortis Bank shares to BNP Paribas in exchange for shares in BNP Paribas, while the Belgian Government would continue to own the remaining 25% of the Fortis Bank shares.

This agreement contained also the transfer of a portfolio of structured credit products with a value of EUR 10.4 billion by Fortis Bank to a special purpose vehicle (SPV), jointly owned by Fortis, the Belgian State and BNP Paribas.

Immediately after this agreement (as spelled out in the Protocole d'Accord of 10 October 2008), Fortis Bank started the development of a plan on how best to cooperate with BNP Paribas in the future, assuming this transaction would materialize in the following weeks after 10 October 2008.

On 12 December 2008, the Court of Appeal of Brussels announced that the decisions taken by the Boards of Directors of Fortis Bank and Fortis on 3 October 2008 (sale of the Dutch assets), 5 and 6 October 2008 (sale of the remaining 50% + one share of Fortis Bank SA/NV) and the transactions contemplated under the Protocole d'Accord, were suspended. The decisions taken by the Boards of Directors of Fortis Bank SA/NV and of Fortis on 3, 5 and 6 October 2008 and the agreements entered into in implementation thereof were to be submitted to a Shareholders' meeting of Fortis SA/NV to be convened at the latest on 12 February 2009.

Given the uncertainty, created by the 12 December 2008 decisions of the Court of Appeal of Brussels on the actual realization of the transactions with BNP Paribas, the Fortis Bank Board of Directors decided to develop a comprehensive "Stand Alone Plan" in case this would be needed.

In compliance with the 12 December 2008 decisions of the Court of Appeal of Brussels, a shareholders' meeting of Fortis SA/NV was convened on 11 February 2009.

The General Meeting of Shareholders of Fortis SA/NV voted not to approve the decisions taken by the Board of Directors of Fortis SA/NV regarding the sale of the Dutch assets to the Dutch state and the sale of 50% + one share of Fortis Bank SA/NV to the Belgian State. Since the approval of the sale of 50% + one share of Fortis Bank SA/NV was a precondition for voting on the transactions proposed under the Protocole d'Accord, as amended by the Avenant of 31 January 2009, the latter was not put to a vote.

On 6 March 2009, among others, Fortis, BNP Paribas, the SFPI/FPIM and Fortis Bank reached an agreement on revised terms of these transactions. Under the terms of this amended agreement, the Belgian State will transfer to BNP Paribas 75% of Fortis Bank in exchange for BNP Paribas shares, Fortis Bank will acquire 25% of Fortis Insurance Belgium from Fortis and the structured credit portfolio, to be transferred by Fortis Bank to a SPV, will be supplemented by additional lines for a total amount close to EUR 2 billion of which EUR 1 billion comes in replacement of redemptions which occurred since 31 August 2008. The Brussels Court of Appeal decided on 31 March 2009, in a hearing at which Fortis was not represented that only those shareholders of Fortis SA/NV that owned Fortis shares prior to 14 October 2008 could vote on the project with BNP Parisbas. For organisational and practical reasons the Board of Directors has therefore decided at 1 April 2009, with regard to both Fortis SA/NV and Fortis N.V., to postpone the vote on the project with BNP Paribas until the meetings of 28 and 29 April.

As a consequence of the postponement of the vote on the project with BNP Paribas, Fortis, BNP Paribas and the Belgian State have agreed to once again amend the already changed *Protocole d'Accord* of 10 October 2008. The new final date by which the approval of the project with BNP Paribas must be obtained from the shareholders of Fortis SA/NV and Fortis N.V. is now 1 May 2009 (instead of 18 April). The ultimate date by which all precedent conditions, as stipulated in the agreement, must be met, or be waived by BNP Paribas, will be set later at a date between 1 and 15 May 2009 (instead of 30 April).

Comprehensive descriptions of the events affecting Fortis Bank in September and October 2008 and the agreements Fortis Bank, Fortis and its (former) subsidiaries were required to enter into between October 2008 and March 2009, in order to safeguard the continuity of Fortis Bank and Fortis, are available in the different circulars to the shareholders of Fortis and in the different press releases of Fortis Bank and Fortis, as published on the Fortis website: www.fortis.com.

Immediately after the transactions of September and October 2008, Fortis Bank management started a comprehensive program to restore customer confidence, to improve the bank's liquidity position, to maintain solid solvency ratios and to generate recurrent earnings while limiting their volatility. The reduction of loans outside the Benelux, the sale of a major part of the equities portfolio and the hedging of positions on interest rate options, were executed to attain this objective.

Despite the impact of the turmoil in the financial sector, Fortis Bank and its 37.000 employees have continued to service their clients well and, consequently, the bank has been able to sustain its position as market leader in Belgium and Luxembourg, as described in the section 'Core Businesses of Fortis Bank'. Fortis Bank has shown its continued support to the economy, illustrated by an increased market share in mortgages and by an increased amount of investment credits for professionals.

Fortis Bank's activities are exposed to a series of risks such as credit risk, market risk, liquidity risk and operational risk. To ensure that these risks are identified and adequately controlled and managed, the bank adheres to a number of internal control procedures and a whole array of risk indicators which are further described in this annual report in note 6 on Risk management of the Consolidated Financial Statements.

Fortis Bank is involved as a defendant in various claims, disputes and legal proceedings in Belgium and in a number of foreign jurisdictions, arising in the ordinary course of its banking business and following the restructuring of Fortis Bank and Fortis Group end of September and beginning of October 2008, as further described in note 47 of the Consolidated Financial Statements. Events after the reporting period are further described in the section 'Other information of the Consolidated Financial Statements'.

The strengthened financial position – together with the continued dedication of the staff – allows Fortis Bank to manage the commercial activities in an unusually difficult environment. We are turning a very dark page in the history of the bank. On behalf of the Board of Directors and the whole management, we would like to thank all customers, employees, shareholders, the Belgian and Luxembourg States and BNP Paribas for their support and confidence in this difficult period. We will continue to take up our responsibility as a bank, which is to serve our customers and remain close to them in these difficult circumstances, and we will continue to serve and support the communities in which we are active.

The Board of Directors of Fortis Bank SA/NV will propose to the Annual General Meeting of Shareholders in May 2009 not to declare a dividend over the year 2008.

Moreover, Fortis Bank's Executive Board has foregone any bonuses for the year 2008 and the management was not granted any Business Performance bonus. Also, a full hiring freeze as well as a strongly controlled use of external resources were announced.

The section "Core Businesses of Fortis Bank" contains a description of the activities of each business-line (Retail Banking, Private Banking, Asset Management and Merchant Banking), their market position, the key developments in 2008 and the business strategy in 2009. The remaining sections contain the Fortis Bank consolidated financial results of 2008 and the evolution in the financial position in 2008.

Core businesses of Fortis Bank

In 2008, Fortis Bank was organised along four business-lines and several support functions. Each of the business-lines; Retail banking, Asset Management, Private banking and Merchant banking, comprise a portfolio of related activities targeting particular customer segments and operating according to common objectives and strategies.

All businesses of Fortis Bank have, in 2008, been largely impacted by the aborted integration project of the acquired ABN AMRO activities, absorbing significant resources and competences. This project ended abruptly at the beginning of October 2008 with the sale of Fortis Bank Nederland (Holding) (FBN(H)), including the acquired ABN AMRO activities.

Retail Banking

Retail Banking offers financial services to individuals, the self-employed, members of independent professions and small businesses. Over five million customers in five countries currently use our integrated banking and insurance services, through proprietary and third-party networks, all embedded in a multi-channel environment. Operating through a variety of distribution channels, in Belgium and Luxembourg we provide services and advice on every aspect of daily banking, saving, investment, credit and insurance to a clearly segmented customer base. Our extensive retail portfolio in Turkey is served by a comprehensive and tailored product offering. Fortis Bank in Poland targets affluent customers and small businesses, while our Polish subsidiary Dominet is undergoing a rapid roll-out of our consumer finance and mass retail business in this market. Lastly, our postal banking activities in Belgium – through Banque de La Poste – and in Ireland – via Postbank – allow us to offer an expanding product portfolio through the respective post office networks.

Market position

- Market leadership in Belgium and Luxembourg
- Challenger position in Poland and Turkey
- More than 2,000 Fortis Bank sales points across Europe
- Additional distribution channels:
  - through the respective post office networks in Belgium and Ireland
  - through a network of tied agents in Belgium (FINTRO) and Germany (Von Essen Bank)

Key developments in 2008

- Belgium: a newly segmented customer portfolio made it possible to enhance our dedicated and personalised relationship with customers in specific segments:
  - launch of a high yield online savings account
  - further expansion of direct sales (more than 1.5 million online banking customers)
- Belgium: Banque de La Poste, the joint venture with La Poste, launched a new online banking system and current account, benefiting from its reputation as a highly trusted bank.
- Poland: started to merge the banking activities of Fortis Bank Polska and Dominet
- Turkey:
  - joined forces with Yapi Kredi Bank in the credit card market, enabling Fortis Bank to introduce a new credit card product, offering customers the benefits of the Worldcard
  - 23 loan stores were opened in 2008, bringing the total distribution network to 280 branches
- Ireland: Postbank, the joint venture with An Post, launched a new current account giving customers access to free banking with an online banking option
- Germany: Fortis Bank ceased its Fortis Finanz activities consisting of 90 credit shops, early 2009
- Luxembourg: launch of new products targeting specific customer segments and strengthening positioning:
  - New Multiline for Professionals internet banking application
  - focus on positioning as the ‘cross-border commuter's bank’ for retail customers
- Initiatives have been taken to restore customer confidence in the bank given Fortis Bank’s specific experiences and the banking crisis.

Business strategy in 2009

- Restoring customer confidence, both in our Belgium and Luxemburg home markets and abroad
- Merging Dominet Bank and Fortis Bank Polska to optimise the distribution network and servicing costs.
- Consolidating recent investments for growth in Retail Bank Turkey
- Leveraging specific channels for consumer finance in Belgium and Germany and Post Bank activities in Belgium and Ireland.

Asset Management

Fortis Investments (FIM) is the asset manager of Fortis Bank and has EUR 170 billion in assets under management, with approximately 65% of its revenues generated by third-party clients. We have a global presence, with sales offices and 40 dedicated investment centres in Europe, the US and Asia. As a client-driven organisation, we offer international investment solutions, while meeting the requirements and needs of local investors, both institutional and wholesale/retail. As a diversified asset manager, our solutions-oriented approach provides our teams with the freedom and resources to investigate ideas and opportunities in every market and every asset class.

Market position

- One of the world’s most diversified asset management companies in terms of the types of solutions we can offer and with a global footprint
- Fifth largest asset manager for European domiciled funds excl. money market (source: Feri)

Key developments in 2008

- The swift integration of two strong asset managers: merging with ABN AMRO Asset Management (AAAM) doubled our offering of investment capabilities and enabled us to provide local service to clients in 36 countries
- The rapid and successful merger of the fund ranges of Fortis Investments and AAAM Luxembourg, one of the biggest and most complex fund mergers ever undertaken
- Profitability ratios beating competitors, despite the difficult market conditions, enabling us to invest further in our staff, platforms and client service
- New solutions for our clients – we launched 93 new funds and mandates
- High client retention throughout the merger and market crisis with strict corporate governance helping us to maintain a steady and stable business model.

Business strategy in 2009

Fortis Investments has developed into a truly global asset manager with a strong track record of innovation, profitability and growth. Our objective in 2009, which will be a challenging year, is generating a double-digit growth in net operating profit, using four levers:

- Preserving our market share in countries where we already have a strong presence through good product performance and outstanding client servicing
- Continuing to grow in regions where we are not yet a top tier player by leveraging our enlarged product range and positioning ourselves as an autonomous international asset manager
- Identifying new trends in order to proactively offer new solutions which answer our clients' needs
- Maintaining our efficiency ratio thanks to our integrated operating platform and a strong cost control programme.

Private Banking

Private Banking offers integrated and international asset and liability management solutions to high net worth individuals, their businesses and their advisers. With offices in 14 countries, Private Banking helps its clients consolidate, preserve and transfer their wealth.

Market position

- Strong market player in private banking in Belgium and Luxembourg
- Well established and highly profitable private bank in Switzerland

Key developments in 2008

- Focus on extensive information and client retention efforts during financial crisis
- Continued investment in a state-of-the art integrated service offering with five core competences: Investment, Finance, Wealth Structuring, Insurance and Real Estate
- Special attention to the aftercare of products and services following the financial crisis
- Recognised by the market for its best private banking services in Belgium (first among the major banks, fourth overall) and for its best net-worth specific services for super affluent clients in Luxembourg (Euromoney, Private Banking poll, February 2009)

Business strategy in 2009

- To restore confidence of clients and ensure aftercare of products and services
- To enhance product offering with innovative solutions for assets and liabilities
- To adjust its international network presence to the actual economic environment

Merchant Banking

Merchant Banking offers tailored financial products and services to medium-sized European-oriented businesses, to large international companies and institutional clients with a focus on Europe and in selected areas of North America and Asia. We have established a strong regional position for many of our products and skills.

Merchant Banking is composed of several business lines: Commercial Banking, Corporate & Public Banking, Energy, Commodities & Transportation, Global Markets, Investment Banking, Specialised Finance (with Leasing, Trade Finance and Cash Management), and lastly Clearing, Funds & Custody.

Market position

- Strong leadership position in Belgium and Luxembourg
- High penetration rate among selected European customers (e.g. internationally active SMEs)
- 106 business centres in 18 European countries and in China
- Strong positions in renewable energy and transportation markets
- Top European player in international leasing

Key developments in 2008

- The year 2008 was characterised by a gradually deteriorating business environment that culminated in a very difficult fourth quarter. Impairments increased both in the structured credit portfolio and in the traditional loan book. The credit market deteriorated considerably in non-home countries like the UK, Spain and Poland and impacted businesses such as Commercial Banking and Real Estate. Corporate Banking, on the other hand, stood up well. Trading results at Global Markets were depressed by losses on interest rate derivatives that were the victim of increased volatility and illiquid markets. As a result of the transactions of September and October, a write-off was taken on deferred tax assets, mainly in the US.
- Not all businesses were equally impacted. Corporate & Public Banking enjoyed very good results due to a sharpened strategic focus on high quality deals and concentrated efforts on maximising balance sheet returns and growing income from cross selling.
- Energy, Commodities and Transportation (ECT) likewise had a good year, although also having to face many challenging factors. These included the decline in the shipping and commodities markets, especially in the second half of the year and the separation from Fortis Bank Nederland (Holding).
- Investment Banking had a good year, too, particularly as regards Global Export & Project Finance (GEPF) and Principal Finance. Some skills, however, suffered from declining markets, e.g. Corporate Finance & Capital Markets and Real Estate.

- Despite the difficult year, Merchant Banking concluded several worthwhile transactions:
  - Fortis Bank was lead bank in the InBev-Anheuser Busch transaction, with a key role as underwriter of USD 4.5 billion of the global USD 45 billion transaction. We subsequently played a major role in the AB InBev capital increase.
  - The financing of the Liefkenshoek Rail Tunnel (Belgium) set up by GEPF was awarded the title of European Infrastructure Deal of the Year by the magazine Project Finance International.
  - Public Banking was one of the banks to win the European Commission’s tender for ‘Fine Accounts’, thereby generating potential deposits of up to EUR 2.8 billion.
  - Fortis Private Equity actively supported Studio 100’s acquisition of the German EME Entertainment by participating in the capital increase.
  - Fortis Bank played a prominent role in the Sherbino transaction in which a 15-year financing structure broke new ground in the US wind industry.

Business strategy in 2009

- Merchant Banking is a multi-domestic player in Europe, focusing on domestic franchises whereby we fully serve clients in our core countries and maintain selective spikes elsewhere
- In 2009, Merchant Banking will focus on managing the impact of the economic crisis by:
  - putting Risk management at the core of our attention and reinforcing our Risk Surveillance and Intensive Care units in view of the deteriorating credit climate.
  - striving for less volatile results, amongst other by further reducing proprietary trading in Global Markets, which will result in a lower VAR. This will also contribute to a further declining balance sheet total.
  - defending and focusing even more on our core client franchise in our home countries becoming more selective in building outside these core countries and thus contribute to reducing liquidity needs.

Forward-looking Statements

It should however be noted that any statement of future expectations and other forward-looking elements are based on the company's current views and assumptions and involve a degree of risk and uncertainty, in particular given the current general economic and market conditions.

Credit ratings of Fortis Bank SA/NV (situation at 31 December 2008)

	Long-term	*Short-term*
Standard & Poor's	*A*	*A-1*
Moody's	*A1*	*P-1*
Fitch Ratings	*A+*	*F1+*

Credit ratings are measures of the creditworthiness of Fortis Bank, calculated by independent rating agencies.

Long-term ratings are opinions of the relative credit risk of fixed-income obligations issued with an original maturity of one year or more. Institutions with A/A1/A+ ratings are considered to have low credit risk. Intrinsically this means that, even within the category of "Investment Grade" issuers, Fortis Bank belongs to the safer ones.

Similarly, short-term ratings are creditworthiness opinions for fixed-income commitments with maturities of less than a year. The 'P-1 / A-1 / F1+' notations indicate that Fortis Bank's capacity to meet these commitments on the obligation is very strong. Fortis Bank's short term ratings at Moody's and Fitch are the highest available.

Several financial activities are contingent to strong short- and long-term ratings. The quality of Fortis Bank's ratings contributes to the scope of its potential of activities.

Comments on the Fortis Bank 2008 consolidated financial results and financial position

This section describes the results over 2008 of Fortis Bank. As stated, the events and transactions of September and October 2008 substantially affected these results. To facilitate the comprehension of the results evolution, the comments below identify and isolate these exceptional impacts. This allows reconstructing the so-called underlying net profit, which is an indication for the ongoing profitability of Fortis Bank in a stable economic and market environment.

Comments on the 2008 consolidated income statement

The transactions leading to the sale of the banking business of Fortis to the Dutch, Belgian and Luxembourg States at the end of September and the beginning of October 2008 have significantly changed the scope of activities and ownership of Fortis Bank. On 31 December 2008, Fortis Bank was held for 99.93% by the Belgian State through its SFPI/FPIM investment vehicle, with the Luxembourg state owning 49.9% of BGL, the Luxembourg subsidiary of Fortis Bank. The Dutch activities of Fortis Bank (including its participation in ABN AMRO) were sold to the Dutch State. The Belgian and Luxembourg States have recapitalised the respective entities for a total consideration of respectively EUR 4.7 billion and 2.4 billion.

These events and transactions have substantially affected the 2008 results. To facilitate the comprehension of the evolution in the results, the comments are split between:

- the evolution of the net profit (loss) related to the impact of the transactions concluded in September and October 2008 and the impact of the financial and economic crisis and
- the analysis of the evolution in underlying results.

The 2008 net loss[1] of Fortis Bank amounted to EUR 20.6 billion after exceptional items, of which EUR 12.5 billion are due to the divestment of FBN(H), including the ABN AMRO activities acquired in 2007, and the transactions of September and October 2008 and EUR 9.7 billion are due to the impact of the financial and economic crisis.

After adjusting the 2008 loss for the exceptional items, the underlying net profit of Fortis Bank amounted to EUR 0.9 billion in 2008. The Underlying net profit represents the Net profit attributable to shareholders excluding exceptional items. The consolidated income statement has been accordingly adjusted for the impacts of the divestment of FBN(H), other transactional one-offs and exceptional elements related to the financial and economic crisis.

1 Including a result contribution of Fortis Bank Nederland (Holding) of EUR 0.7 billion (consolidated for 9 months).

Comments on the evolution of the net profit (loss) attributable to shareholders

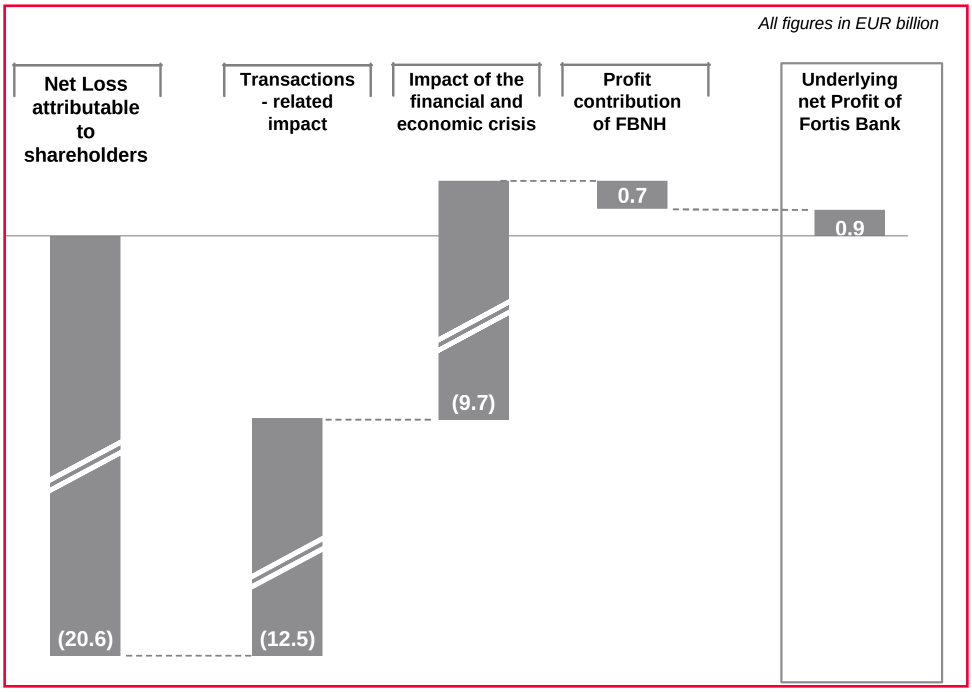
The net loss attributable to shareholders for the year 2008, amounted to EUR 20,556 million, compared to a net profit of EUR 1,781 million in 2007.

The adverse evolution mainly results from the effects of the ABN AMRO acquisition and divestment, the additional provisions on the structured credit portfolio and the repercussions of the economic crisis on the market related activities, the bond portfolio and the equity portfolio.

Taking these into account, however, the activities within the new scope of Fortis Bank delivered over the full year 2008 an underlying net profit of EUR 0.9 billion.

The EUR 21.5 billion difference with the actual reported loss over 2008 can be explained by the following three elements:

- the exceptional EUR 12.5 billion negative elements related to the divestment of FBN(H), including the acquired ABN AMRO activities and to the transactions concluded at the end of September and beginning of October 2008 ;
- the EUR 9.7 billion negative impact of the global market turmoil, including the impairments and unrealised losses on the structured credit portfolio ; and
- the positive net contribution of EUR 0.7 billion by Fortis Bank Nederland Holding during the first 9 months of 2008.



The table below shows the composition of the 2008 underlying result.

	31 December 2008	Transactions related impacts	Impacts of the financial and economic crisis	Elimination of the 2008 results of FBN(H)	Underlying Results 31 December 2008	Underlying Results 31 December 2007
Income						
Net interest income	3,963			12	3,951	3,743
Net fee and commission income	2,208			123	2,085	2,140
Dividend, Share in result of associates and joint ventures and other investment income	281			(4)	285	314
Realised capital gains (losses) on investments	(278)		(566)	1	287	750
Other realised and unrealised gains and losses	(1,483)		(2,091)	(4)	612	973
Other income	321			4	317	203
Total income, net of interest expense	**5,012**		**(2,657)**	**133**	**7,536**	**8,122**
Change in impairments	(10,052)	(1,480)	(7,836)	(1)	(735)	(160)
Net revenues	**(5,040)**	**(1,480)**	**(10,493)**	**132**	**6,801**	**7,962**
Expenses						
Staff expenses	(3,373)		(191)	(53)	(3,129)	(3,077)
Depreciation and amortisation of tangible and intangible assets	(458)		(5)	(3)	(449)	(322)
Other expenses	(2,361)		(400)	(26)	(1,935)	(1,826)
Total expenses	**(6,192)**		**(596)**	**(83)**	**(5,514)**	**(5,225)**
Profit before taxation	**(11,232)**	**(1,480)**	**(11,089)**	**49**	**1,287**	**2,737**
Income tax expense	(184)	(1,154)	1,403	(5)	(428)	(398)
Net result on discontinued operations	(9,127)	(9,818)	(15)	649	58	
Net profit (loss) attributable to minority interests	13			(1)	14	14
Net profit (loss) attributable to shareholders	**(20,556)**	**(12,452)**	**(9,701)**	**694**	**903**	**2,325**

Comments on the impacts on net profit of the transactions concluded in September and October 2008, of the impact of the financial and economic crisis and of the contribution of Fortis Bank Nederland (Holding)

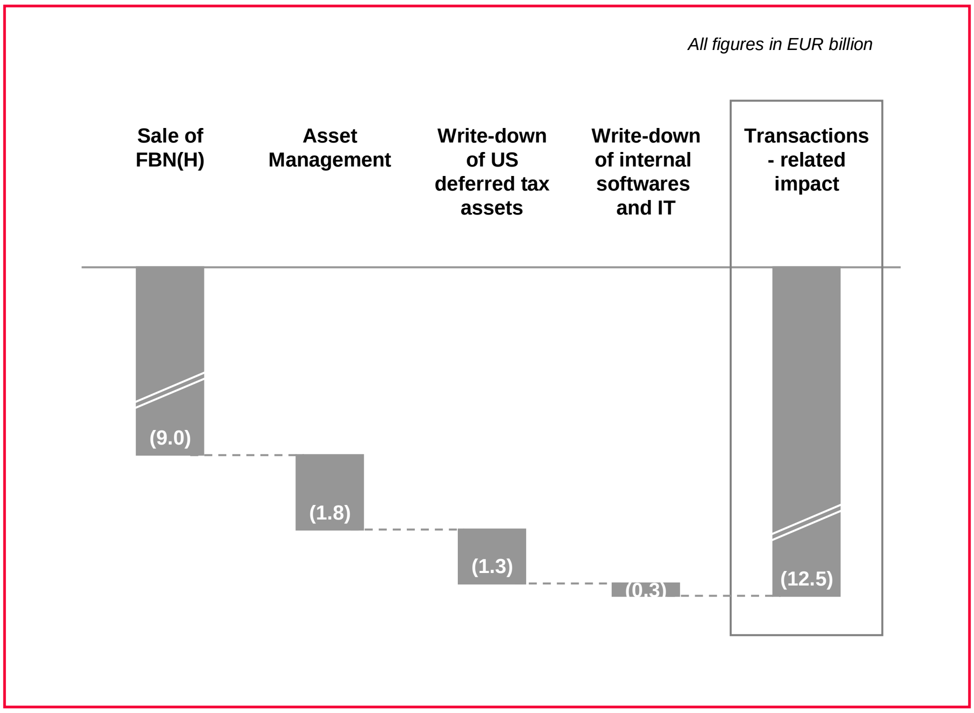
This section contains details on each of the three clusters of impacts that provide the bridge between the actual loss reported over 2008 and the underlying result.

EUR 12.5 billion of transactions related impact

The transactions in September and October 2008, leading to the sale of the Dutch banking activities of Fortis Bank and, hence, a significantly changed scope of activities and ownership of Fortis Bank, triggered losses and impairments up to a net of tax amount of EUR 12.5 billion.

This amount can be decomposed into four parts:

- A EUR 9.0 billion loss on discontinued operations related to the sale of Fortis Bank Nederland Holding (including the acquired ABN AMRO activities).
- An impairment of EUR 1.8 billion related to the Asset Management activities. This consists of a EUR 1.0 billion goodwill impairment triggered by the impact of the cancellation of the planned joint venture with Ping-An and the loss of distribution channels due to the separation with FBN(H) including the acquired ABN AMRO activities. A EUR 0.8 billion loss is related to discontinued operations in connection with the divestments and the decrease in value of the acquired non-core asset managers.
- A write down of EUR 1.3 billion of the deferred tax assets related to the US activities, reported as income tax expense and triggered by the change in ownership clause in the US.
- A EUR 0.3 billion impairment on internally generated software and other information technology recognised as intangible assets, due to the revised global strategy of Fortis Bank.

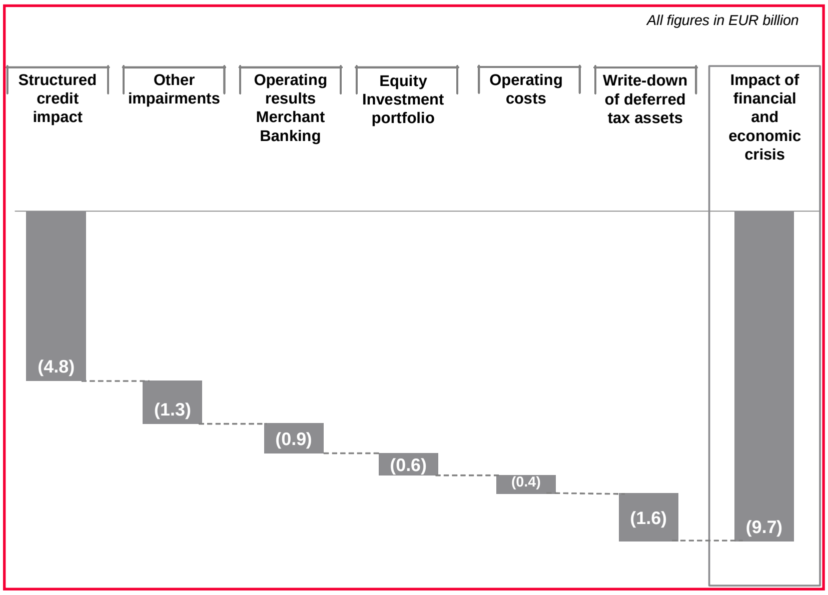


EUR 9.7 billion impact of the financial and economic crisis

The impact of the global turmoil in the financial markets and the economic crisis in general, caused an additional net of tax loss of EUR 9.7 billion.

Main drivers explain this net impact of EUR 9.7 billion:

- Almost half of the amount or EUR 4.8 billion are losses and impairments linked to the deterioration in the structured credit portfolio, reported in the consolidated income statements as impairments and other realised and unrealised losses.
- EUR 1.3 billion are other exceptional impairments, as a consequence of defaulting bond issuers (such as the Icelandic banks, Lehman Brothers, Washington Mutual), goodwill impairments on participations (Fortis Energy Marketing and Trading, Fortis Clearing Americas, Von Essen and Dominet), and increases in IBNR loan loss reserves following the deterioration in the macro-economic environment (EUR 117 million in fourth quarter).
- EUR 0.9 billion are negative operating results (other realised and unrealised gains and losses) within Merchant Banking, more specifically related to positions on interest rate options and the hedging thereof, recognition of additional model risk adjustments in the valuation of certain derivatives and the impact of credit hedges.
- A loss of EUR 0.6 billion was realised on the sale of the equity investment portfolio, following the decision to de-risk the balance sheet.
- EUR 0.4 billion exceptional operating costs were incurred in the fourth quarter of 2008. These include additional staff expenses related to early departure plans, increased provisions for long-term illness following a change in legislation in Belgium, increased operational risk provisions in private banking and deposit insurance fund costs in Luxembourg.
- EUR 1.6 billion are write-downs (reported as income tax expense) on the deferred tax assets, after a reassessment of the future taxable profit-generating capacity of the entities within the scope of Fortis Bank.



EUR 0.7 billion profit contribution of Fortis Bank Nederland (Holding)

In the first nine months of 2008, FBN(H) contributed a net profit of EUR 0.7 billion to the overall results of Fortis Bank. The net profit of FBN(H) is reported as Net result on discontinued operations. This result is determined on an indicative basis and for comparative purposes. A best estimate was made of the post-tax profit or loss of FBN(H) in 2008, based on the information provided by FBN(H) to Fortis Bank until 30 September 2008. These data did not contain information to enable the identification of events after the reporting period, nor to determine if an impairment of the investment in RFS Holdings, the company through which the acquisition of the ABN AMRO activities was accomplished, was or was not required as at 3 October 2008.

Comments on the evolution in underlying results

The table below shows the underlying results evolution.

	Underlying results 31 December 2008	*Underlying results 31 December 2007*	*Change (%)*
Income			
Net interest income	3,951	3,743	6%
Net fee and commission income	2,085	2,140	(3%)
Dividend, Share in result of associates and joint ventures and other investment income	285	314	(9%)
Realised capital gains (losses) on investments	287	750	(62%)
Other realised and unrealised gains and losses	612	973	(37%)
Other income	317	203	56%
Total income, net of interest expense	**7,536**	**8,122**	**(7%)**
Change in impairments	(735)	(160)	358%
Net revenues	**6,801**	**7,962**	**(15%)**
Expenses			
Staff expenses	(3,129)	(3,077)	2%
Depreciation and amortisation of tangible and intangible assets	(449)	(322)	40%
Other expenses	(1,935)	(1,826)	6%
Total expenses	**(5,514)**	**(5,225)**	**6%**
Profit before taxation	**1,287**	**2,737**	**(53%)**
Income tax expense	(428)	(398)	7%
Net result on discontinued operations	58		
Net profit attributable to minority interests	14	14	0%
Net profit (loss) attributable to shareholders	**903**	**2,325**	**(61%)**

Excluding the impact on net profit of the transactions concluded in September and October 2008, the exceptional impact of the financial and economic crisis and the net contribution of Fortis Bank Nederland (Holding), the underlying net profit in 2008 amounted to EUR 903 million, down 61% compared to the EUR 2,325 million underlying net profit in 2007.

The EUR 2,325 million underlying net profit of Fortis Bank in 2007 is based on the reported net profit attributable to shareholders of 2007 (EUR 1,781 million) adjusted by the following elements:

- The positive net contribution of EUR 1.3 billion by Fortis Bank Nederland Holding (deducted)
- The impact in 2007 of the market turmoil of EUR 1.8 billion mainly related to impairments on structured credit instruments (added back).

Despite a good commercial performance in the first half of 2008, total income was down 7% to EUR 7.5 billion mainly due to lower capital gains and lower trading revenues. The high increase in impairments, the 6% growth in total expenses and the higher effective tax rate led the net profit downwards.

Commercial revenues (the sum of net interest income and commission and fees, representing 80% of underlying revenues) continued to grow, partly helped by the incorporation of ABN AMRO Asset Management in Fortis Investments, as of 1 April 2008. The 6% increase in net interest income supported mainly by loan growth, was offset by the decrease in net commissions and fees due to the turmoil in financial markets. Interest income on the capital increases in Fortis Bank and in BGL also contributed to the revenues as of the fourth quarter of 2008.

Underlying impairments (excluding one-offs) rose from EUR 160 million in 2007 to 735 million in 2008, due to the deteriorating credit environment in 2008 and the releases in 2007 of impairments taken in earlier years.

Total expenses were up 6% to EUR 5.5 billion, partly due to the incorporation of ABN AMRO Asset Management and other ABN AMRO related integration costs. Excluding the ABN AMRO Asset Management related expenses, total expenses were up by 1.5%, due to the implemented cost containment measures.

Underlying net interest income amounted to EUR 3,951 million in 2008, up 6% on 2007.
The 16% increase in customer-related loans was the main driver behind the increase in net interest income, while deposits decreased by 6% and margins remained under pressure. In addition, the funding charges arising from the acquisition of ABN AMRO Asset Management had a negative impact of EUR 141 million. Furthermore, net interest income was negatively impacted by higher funding costs due to the global liquidity crisis as well as exchange rate movements (appreciation of the EUR against the USD and the GBP).

The increase in net interest income at Retail Banking was fuelled mainly by volume growth in loans, though at lower margins, whereas average customer deposits declined due to outflows and shifts into lower yielding off-balance sheet products. At Merchant Banking, the higher funding and liquidity costs, due to tight money markets and the strength of the EUR, were more than compensated by a 12% increase in loan volumes. Global Markets benefited from strong money market activities following the rate cuts by Central Banks.

Underlying net commissions and fees amounted to EUR 2,085 million in 2008, down 3% on 2007. However, net commissions and fees were actually down 8%, taking into account the received asset management fees related to the incorporation of ABN AMRO Asset Management as from the second quarter of 2008 and the negative impact of the retrocession fees related to activities of ABN AMRO.

Lower fee income on corporate finance, securities brokerage and asset management was more than offset by the higher net commissions and fees earned on payment services and improved fees on loans. Funds under management were down 23% (compared to the 2007 figures restated to include ABN AMRO Asset Management) to EUR 209 billion and suffered from the turmoil in global financial markets with an outflow of EUR 23 billion (almost entirely in Asset Management) and a negative market impact of EUR 38 billion.

Underlying dividends, share in result of associates and joint ventures and other investment income amounted to EUR 285 million in 2008, down 9% on 2007, due to lower results on companies consolidated via equity method (Belgolaise, Bank van de Post and BGL Investment Partners), partly compensated by higher dividend income.

Underlying capital gains on investments reached EUR 287 million, mainly on government bonds, the private equity portfolio and real estate. In 2007, capital gains of EUR 750 million were mainly realised on the sale of non-strategic equity participations. The mix of the capital gains, therefore, shifted from tax exempt equity gains (in 2007) to bond related gains and non tax-deductible losses on equities (in 2008), leading to the increase in the effective tax rate.

Underlying other realised and unrealised gains and losses were down by 37% (or EUR 361 million) to EUR 612 million in 2008. The Global Forex and Rates Group and the Global Equity & Derivates Group of Merchant Banking reported lower trading results, mainly on the fixed income portfolio as well as on credit derivatives positions. Investment Banking suffered from the fall of equity markets. There were also lower revenues reported on the held-at-fair value positions.

Underlying other income increased to EUR 317 million, mainly driven by higher operational lease income, a higher contribution of Asset Management following the incorporation of ABN AMRO Asset Management and sale proceeds on shares at Merchant Banking.

Underlying change in impairments stood at EUR 735 million for 2008, substantially higher than the 2007 level of EUR 160 million, which benefited from releases. The deteriorating credit environment led to larger specific loan loss provisions in 2008, especially at Merchant Banking, which also reported important releases of loan loss provisions in 2007. This translated into a credit loss ratio of 39 basis points (on average credit risk weighted commitments of EUR 190 billion, Basel 2), which is above the cycle neutral ratio of 25 basis points.

Underlying total expenses reached EUR 5.5 billion in 2008, up 6%. However excluding Asset Management which was impacted by the scope change due to incorporation of ABN AMRO Asset Management and the related integration costs, total expenses growth was limited to 1.5% despite the inflation. This reflects the effects from the implemented cost containment measures.

Underlying staff expenses were up 2% to EUR 3,129 million, mainly due to Asset Management linked to the incorporation of ABN AMRO Asset Management and related integration costs. Excluding Asset Management, staff expenses remained flat compared to the previous year. The negative impacts of an average salary increase (driven by the inflation) and a higher average FTE base (up 1.3% excluding ABN AMRO Asset Management) were offset by lower variable salaries and a positive exchange rate impact in the US, the UK and Turkey.

The total number of Banking FTE's was 37,160 at the end of 2008, up by less than 1% on 2007. Excluding the impact of ABN AMRO Asset Management, end-of-period FTEs decreased by 2%, mainly driven by the hiring freeze.

Underlying other expenses (incl. depreciation and amortisation charges) grew by 11% to EUR 2,384 million in 2008. When further adjusted for the acquired ABN AMRO Asset Management activities, they increased by 4%. Besides the inflation effect, main drivers of the increase were no-longer capitalization of IT projects as from Q4 08, higher operating lease depreciation expenses following increasing activity and higher insurance claims related to operational losses.

Underlying effective tax rate came in at 33% in 2008, compared to a 15% rate in 2007. Non-deductible trading losses were recorded in 2008 whereas in 2007 tax exempt trading gains on shares were booked. Furthermore, there was the negative impact from non tax-deductible capital losses on equities in 2008 compared to the positive impact from tax exempt capital gains in 2007. The 2007 results also benefited from a tax credit in Luxembourg related to a tax review of previous periods.

Underlying results on discontinued operations amounted to EUR 58 million in 2008 (zero in 2007) and mainly related to the results of the non-core asset management activities.

Comments on the evolution of the Balance Sheet

The balance sheet total of Fortis Bank was EUR 587 billion at 31 December 2008, a decrease of EUR 180 billion (or 24%) compared to 31 December 2007.

This evolution is due to the deconsolidation of Fortis Bank Nederland (Holding) – FBN(H) – (EUR 111 billion) and the underlying balance sheet evolution of Fortis Bank excluding FBN(H) (EUR 69 billion) as described below.

Deconsolidation of FBN(H)

The deconsolidation of FBN(H) takes into account on the one hand the deduction of the net contribution of FBN(H) in the consolidated balance sheet of Fortis Bank in 2007 (amounting to EUR 199 billion at 31 December 2007), and on the other hand the addition of the former inter-company transactions of Fortis Bank and its subsidiaries with FBN(H), which are now recognised as third-party transactions (for an amount of EUR 88 billion). The netting of these two impacts lead to an EUR 111 billion deconsolidation impact of FBN(H) and provides the appropriate comparative base to analyse the underlying balance sheet evolution of Fortis Bank.

On the asset side, the EUR 111 billion decrease can be almost fully attributed to the decrease (EUR 109 billion) in Due from Customers (loans). Other elements almost offset each other (net balance is a EUR 2 billion decrease) although there are various movements, as shown in the table below.

On the liability side, the deconsolidation impact amounts to EUR 109 billion. The main drivers are the EUR 48 billion decrease in Trading Liabilities and the EUR 56 billion decrease in Due to Customers (deposits). Here also are various movements explaining the further EUR 5 billion aggregate decrease.

Finally, the deconsolidation difference on total equity amounts to EUR 2.6 billion.

The table below shows the underlying balance sheet evolution of Fortis Bank in 2008.

	Fortis Bank 31 December 2007	Deconsolidation FBN(H)	Fortis Bank 31 December 2007 Adjusted	Fortis Bank 31 December 2008
Assets				
Cash and cash equivalents*31 December 2008*	27,003	9,666	36,669	22,644
Assets held for trading	75,347	(18,450)	56,897	88,432
Due from banks	118,346	10,929	129,275	47,043
Due from customers	315,302	(108,985)	206,317	215,630
Investments:				
- *Held to maturity*	*4,234*	*10,500*	*14,734*	*3,851*
- *Available for sale*	*103,183*	*18,106*	*121,289*	*101,194*
- *Held at fair value through profit or loss*	*5,718*	*(123)*	*5,595*	*2,828*
- *Investment property*	*688*	*(79)*	*609*	*672*
- *Associates and joint ventures*	*27,699*	*(27,045)*	*654*	*436*
	141,522	1,359	142,881	108,981
Trade and other receivables	6,546	(2,044)	4,502	5,680
Property, plant and equipment	2,715	(368)	2,347	2,281
Goodwill and other intangible assets	1,559	(115)	1,444	1,992
Assets classified as held for sale				738
Current and deferred tax assets	2,439	(371)	2,068	2,454
Accrued interest and other assets	76,434	(2,914)	73,520	90,902
Total assets	**767,213**	**(111,293)**	**655,920**	**586,777**
Liabilities				
Liabilities held for trading	89,457	(47,842)	41,615	86,309
Due to banks	192,141	25,342	217,483	133,917
Due to customers	267,164	(55,858)	211,306	217,815
Debt certificates	95,054	(22,100)	72,954	49,617
Subordinated liabilities	23,097	(3,139)	19,958	21,932
Other borrowings	2,665	592	3,257	565
Provisions	842	(79)	763	1,331
Current and deferred tax liabilities	1,423	(781)	642	525
Accrued interest and other liabilities	61,504	(4,852)	56,652	59,518
Liabilities related to assets held for sale				105
Total liabilities	**733,347**	**(108,717)**	**624,630**	**571,634**
Shareholders' equity	33,436	(2,228)	31,208	12,363
Minority interests	430	(348)	82	2,780
Total equity	**33,866**	**(2,576)**	**31,290**	**15,143**
Total liabilities and equity	**767,213**	**(111,293)**	**655,920**	**586,777**

The balance sheet total excluding FBN(H), decreased with EUR 69 billion (or 11%) in 2008 to EUR 587 billion and is further described below.

Assets

Cash and Cash equivalents decreased by EUR 14 billion (or 38%) to EUR 23 billion, mainly driven by the decrease of short-term balances (less than 3 months) with banks.

Assets held for trading increased by EUR 32 billion (or 55%) to EUR 88 billion. The growth is coming from the change in the fair value of derivatives (EUR 46 billion, a corresponding amount can be retrieved in trading liabilities). This was partly offset by a EUR 15 billion decrease in the trading securities portfolio (debt securities down EUR 10 billion, government bonds down EUR 2 billion and equity securities down EUR 3 billion). The decrease in the trading securities portfolio is partly explained by a EUR 5 billion reclassification from trading assets to the investment portfolio.

Due from banks decreased by EUR 82 billion (or 64%) to EUR 47 billion. A EUR 79 billion decrease at Global Markets was mainly driven by a lower reverse repo activity (EUR 63 billion impact), lower bank deposits (for EUR 10 billion) and a decrease in mandatory reserve deposits with Central Banks (EUR 4 billion impact).

Due from customers increased by EUR 9 billion (or 5%) to EUR 215 billion. The evolution can be mainly linked to Merchant Banking (increase of EUR 8 billion, or 6%), Retail Banking (increase of EUR 4 billion, or 8%, after the transfer of EUR 17.5 billion in securitised assets to Other Banking) and Private Banking (increase of EUR 2 billion, or 31%). These were partly offset by lower commercial loans at Other Banking (down by EUR 4 billion after the transfer of EUR 17.5 billion securitised assets from Retail Banking). The EUR 8 billion increase in Due from customers at Merchant Banking can be further detailed. Firstly, the EUR 5 billion increase at Global Markets is due to the higher reverse repo activity more than offsetting the decrease in the securities lending activity and in commercial loans. Secondly, the remaining part of the increase (amounting to EUR 3 billion) was driven by increases at Energy, Commodities and Transportation (EUR 3 billion) and Investment Banking (EUR 3 billion), partly offset by Clearing, Funds and Custody (down EUR 3 billion due to the fall in activity and related lower balances with clearing houses). The EUR 4 billion increase in due from customers at Retail Banking is mainly related to the increase in mortgage loans (EUR 2.2 billion), consumer loans (EUR 0.7 billion) and commercial loans (EUR 1.0 billion). The EUR 3 billion decrease in Commercial loans at Other Banking is due to the redemption of EUR 7 billion subordinated loans to FBN(H) partly offset by an increase by EUR 3 billion of loans to Fortis Brussels.

Investments decreased by EUR 34 billion (or 24%) to EUR 109 billion. The sale of the participation of Fortis Bank in FBN(H) led to a EUR 19 billion decrease in investments. The balance, amounting to EUR 15 billion, came mainly from the decrease in the following asset classes:

- Drop in Mortgage-backed and other asset-backed securities portfolio (EUR 13 billion) as a combined result of further decline in value, the exchange rate impacts and redemptions.
- Corporate and other debt securities portfolio (decreasing by EUR 6 billion) and the equity investment portfolio (EUR 3 billion) which was nearly completely sold in the de-risking of the balance sheet.
- Held at Fair value portfolio (decreasing by EUR 3 billion) linked to the Fortis shares in the Cashes capital construction.

These were partly offset by the increase in the government bonds portfolio (EUR 10 billion) linked to the Dutch State bonds received in replacement of loans to FBN(H).

Trade and other receivables increased by 1 billion to EUR 6 billion.

Property, plant and equipment recorded a slight decrease of EUR 66 million following the depreciation of assets, and stood at EUR 2 billion.

Goodwill and other intangible assets increased by EUR 0.5 billion to EUR 2 billion. The net recognition of EUR 1.2 billion in goodwill and other intangible assets at Fortis Investments (relating to the acquisition of ABN AMRO Asset Management) was partly offset by an impairment on previously capitalised software and other information technology (EUR 0.4 billion impact) and goodwill impairments in other entities.

Assets classified as held for sale relate to non-core Asset Management entities formerly acquired from ABN AMRO Asset Management.

Current and deferred tax assets increased by EUR 0.4 billion to EUR 2.5 billion.

Accrued interest and other assets increased by 17 billion (24%). The main drivers behind the increase were the higher receivables accounted for due to trade date and settlement date differences (EUR 15 billion) and higher accrued income (EUR 7 billion). These were partly offset by the decrease in other assets at Global Markets (EUR 3 billion) and the netting of assets and liabilities related to employee benefits (EUR 1.5 billion). Due to the separation from insurance companies, these assets may be netted with the Defined pension liabilities, which is not the case when the insurer is in the same consolidated scope.

Trade date and settlement date differences are due to the fact that, under trade date accounting, the outstanding loans and deposits amounts to be settled, are recognised at trade date on the balance sheet and therefore reported under other assets and other liabilities until the cash settlement.

Liabilities and Equity

Liabilities held for trading increased by EUR 45 billion to EUR 86 billion. As referred to in the paragraph of the trading assets, the main driver of the increase was the higher negative fair value change of the derivatives.

Due to Banks decreased by EUR 84 billion (or 38%) to EUR 134 billion. This was driven by the decrease in repo balances with banks (EUR 32 billion), time deposits with credit institutions (EUR 12 billion), securities lending (EUR 2 billion) and bank deposits (EUR 43 billion), only partly offset by higher advances against collateral (EUR 7 billion).

Due to customers increased by EUR 7 billion (or 3%) to EUR 218 billion. Higher deposits at Merchant Banking (EUR 19 billion) and Asset Management (EUR 2 billion) more than compensate the lower deposits at Retail Banking (EUR 13 billion) and Private Banking (EUR 2 billion). At Merchant Banking, the EUR 19 billion increase was mainly driven by Global Markets (EUR 25 billion) on the back of higher repos with customers, partly offset by lower securities lending and lower time deposits. Corporate & Public Banking also booked higher deposits (EUR 4 billion), while outflow was recorded in Commercial Banking (EUR 7 billion), Investment Banking (EUR 2 billion) and ECT (EUR 1 billion). Retail Banking reported a EUR 13 billion outflow of deposits (17% decrease), mainly in Belgium and Luxemburg, spread across demand (EUR 2 billion), savings (EUR 7 billion) and time deposits (EUR 4 billion).

Debt Certificates declined by EUR 23 billion (or 32%) to EUR 50 billion, due to reimbursements and limited new issues under the current market conditions.

Subordinated liabilities increased by EUR 2 billion to EUR 22 billion.

Other Borrowings declined by EUR 2.7 billion due to lower obligations to return securities following a decrease of activity in Global Markets.

Provisions increased by EUR 0.6 billion, driven by higher provisions on credit commitments with customers (EUR 0.3 billion) and higher other provisions (EUR 0.2 billion).

Current and deferred tax liabilities decreased by EUR 0.1 billion in 2008 due to smaller differences between the carrying amounts of assets and liabilities and their corresponding tax bases.

Accrued Interest and Other Liabilities increased by EUR 2.9 billion (or 5%) as the (EUR 9 billion) increase in accrued charges was partly offset by lower balances linked to differences between trade date and settlement date (EUR 6 billion).

Liabilities related to Assets classified as held for sale concern liabilities of the non-core Asset Management entities formerly acquired from ABN AMRO Asset Management.

Shareholders' Equity decreased by EUR 18.8 billion in 2008 to EUR 12.4 billion. The net loss for the full year 2008 (EUR 20.6 billion) to be adjusted for the deconsolidation of the previously consolidated reserves of FBN (EUR 2.3 billion), lower reserves (EUR 0.6 billion) following the 49.9% stake of BGL obtained by the Luxemburg State, the higher net unrealised loss (EUR 4.3 billion) on the Available for sale portfolio and the negative evolution of the foreign exchange differences (EUR 0.3 billion) were only partly offset by the capital increase by the Belgian State (EUR 4.7 billion).

Minority Interests increased by EUR 2.7 billion, mainly due to the capital increase in BGL underwritten by the Luxembourg State (2.4 billion).

Statement of the Board of Directors

The Board of Directors of Fortis Bank is responsible for preparing the Fortis Bank Consolidated Financial Statements as at 31 December 2008 in accordance with International Financial Reporting Standards as adopted by the European Union and the Fortis Bank Financial Statements as at 31 December 2008 in accordance with rules laid down in the (Belgian) Royal Decree of 23 September 1992 on the annual accounts of credit institutions.

The Board of Directors reviewed the Fortis Bank Consolidated and Non-consolidated Financial Statements on 9 April 2009 and authorised their issue.

The Board of Directors of Fortis Bank declares that, to the best of its knowledge, the Fortis Bank Consolidated Financial Statements and the Fortis Bank Financial Statements, give a true and fair view of the assets, liabilities, financial position and profit or loss of Fortis Bank and that the information contained herein has no omissions likely to modify significantly the scope of any statements made.

The transactions leading to the sale of the banking business of Fortis to the Belgian, Dutch and Luxembourg states at the end of September and beginning of October 2008 and the separation process with Fortis Bank Nederland (Holding) resulted in a number of uncertainties, that have led to determine a number of assumptions and estimates in the context of the Consolidated and Non-consolidated Financial Statements of Fortis Bank at 31 December 2008. The Board acknowledges that in the fourth quarter the internal control environment has been under pressure due to the Fortis Bank reconfiguration process and the severe deterioration of the market conditions. This difficult environment did globally not influence the reliability of the figures as a result of the increased vigilance and the actions undertaken by management.

While preparing the 2008 financial statements, Fortis Bank management, the Fortis Bank Audit Committee and the Fortis Bank Board of Directors, made an assessment of the entity’s ability to continue as a going concern, taking into account all possible information about the foreseeable future. Considering a wide range of factors relating to the current and expected profitability, based on a business plan reflecting severe but not extreme economic and financial conditions, the impact thereof on the evolution of the liquidity and the solvency position of Fortis Bank and taking into account the expected support from shareholders, the Board of Directors has concluded that the 2008 financial statements could be prepared on a going concern basis and consequently are presented on that basis. It should however be noted that any forward-looking statements are based on the company's current views and assumptions and involve a degree of risk and uncertainty, in particular given the current general economic and market conditions, so that actual results or performance may materially differ from those expressed in such statements.

The Fortis Bank Consolidated Financial Statements and the Fortis Bank Financial Statements as at 31 December 2008 will be submitted to the Annual General Meeting of Shareholders for approval on 5 May 2009.

Brussels, 9 April 2009

Composition of the Board and Corporate Governance

The Composition of the Board of Directors in 2008 was as follows:

Name	Function
VERWILST Herman	Chairman Board of Directors
DIERCKX Filip	Chairman Executive Board
BOONE Brigitte	Executive Director, Member of the Executive Board
BOS Fred	Executive Director, Member of the Executive Board (until 22.10.2008)
DEBOECK Michel	Executive Director, Member of the Executive Board
FOHL Camille	Executive Director, Member of the Executive Board
KLOOSTERMAN Lex	Executive Director, Member of the Executive Board (until 29.10.2008)
MACHENIL Lars	Executive Director, Member of the Executive Board
MOSTREY Lieve	Executive Director, Member of the Executive Board
SCHARFE Robert	Executive Director, Member of the Executive Board (until 22.10.2008)
van LANSCHOT Frans	Executive Director, Member of the Executive Board (until 22.10.2008)
VANDEKERCKHOVE Peter	Executive Director, Member of the Executive Board
VOGELZANG Chris	Executive Director, Member of the Executive Board (until 22.10.2008)
BECKERS Lode	Director[1]
CLIJSTERS Jos	Director
DE BOECK Karel	Director (until 15.12.2008)
DE MEY Joseph	Director
DESCHÊNES Alain	Director
FEILZER Joop	Director
MEYER Jean	Director
MITTLER Gilbert	Director (until 17.11.2008)
STEPHENNE Jean	Director[1]
van HARTEN Peer	Director
van OORDT Robert	Director[1]
VANSTEENKISTE Luc	Director[1]

The Board of Directors held 22 meetings in 2008. The Audit Committee held 10 meetings in 2008.

The Board of Directors of Fortis Bank has changed its composition on 27 January 2009, so as to reflect its new ownership structure and strengthen its governance.

On that day, the Board of Directors took notice of the resignation of the following directors appointed by the previous shareholder: Herman Verwilst, Jos Clijsters, Jozef De Mey, Alain Deschênes, Jean Meyer and Peer van Harten.

The following directors representing the Belgian State were subsequently appointed by cooptation: Emiel Van Broekhoven (Chairman of the Board of Directors), Wim Coumans, Jean-Paul Pruvot, and Serge Wibaut.

The as such newly composed Board of Directors decided to reaffirm the mission of the Audit Committee and its Chairmanship by Robert van Oordt.

Furthermore, a Governance, remuneration and nomination Committee as well as a Risk and Finance Committee were created.

1 *complies with the independence requirements as laid down in article 526ter of the Companies Code*

The Fortis Bank Board of Directors, which is responsible for defining the general policy and supervising the activities of the Executive Board, is now made up of 16 directors of which 4 non-executive directors appointed by the Belgian State, 5 independent directors and 7 executive directors.

The composition of the Board of Directors is now as follows:

VAN BROEKHOVEN Emiel	Chairman of the Board of Directors. Non-Executive Director representing the Belgian state. Member of the Board of Directors since 27.01.2009. Board Member mandate expires on the next Annual General Shareholders' Meeting.
COUMANS Wim	Non-Executive Director representing the Belgian state. Member of the Board of Directors since 27.01.2009. Board Member mandate expires on the next Annual General Shareholders' Meeting.
PRUVOT Jean-Paul	Non-Executive Director representing the Belgian state. Member of the Board of Directors since 27.01.2009. Board Member mandate expires on the next Annual General Shareholders' Meeting.
WIBAUT Serge	Non-Executive Director representing the Belgian state. Member of the Board of Directors since 27.01.2009. Board Member mandate expires on the next Annual General Shareholders' Meeting.
BECKERS Lode	Independent Non-Executive Director. Member of the Audit Committee. Member of the Board of Directors since 01.01.2006. Board Member mandate expires on next Annual General Shareholders' Meeting.
FEILZER Joop	Independent Non-Executive Director. Member of the Audit Committee. Member of the Board of Directors since 27.04.2007. Board Member mandate expires on 26.04.2010.
STEPHENNE Jean	Independent Non-Executive Director. Member of the Board of Directors since 26.04.2001. Board Member mandate expires on 26.04.2010.
van OORDT Robert	Independent Non-Executive Director. Chairman of the Audit Committee. Member of the Board of Directors since 26.04.2001. Board Member mandate expires on 26.04.2010.
VANSTEENKISTE Luc	Independent Non-Executive Director. Member of the Audit Committee. Member of the Board of Directors since 26.04.2001. Board Member mandate expires on 26.04.2010.
DIERCKX Filip	Executive Director. Chairman of the Executive Board. Member of the Board of Directors since 28.10.1998. Board Member mandate expires on 26.04.2010.

MACHENIL Lars	Executive Director. Member of the Board of Directors and Executive Board since 01.01.2008. Board Member mandate expires on 23.04.2011.
FOHL Camille	Executive Director. Member of the Board of Directors and Executive Board since 01.01.2008. Board Member mandate expires on 23.04.2011.
MOSTREY Lieve	Executive Director. Member of the Board of Directors and Executive Board since 01.01.2008. Board Member mandate expires on 23.04.2011.
BOONE Brigitte	Executive Director. Member of the Board of Directors and Executive Board since 01.01.2008. Board Member mandate expires on 23.04.2011.
VANDEKERCKHOVE Peter	Executive Director. Member of the Board of Directors and Executive Board since 01.01.2008. Board Member mandate expires on 23.04.2011.
DEBOECK Michel	Executive Director. Member of the Board of Directors and Executive Board since 01.01.2008. Board Member mandate expires on 23.04.2011.

Information regarding the total remuneration for 2008, including benefits in kind and pension costs, of current and former executive and non executive members of the Board of Directors, paid and payable by Fortis Bank are to be found in Note 10 "Remuneration of the Board of Directors" of the Fortis Bank Consolidated Financial Statements.

College of accredited statutory auditors

Klynveld Peat Marwick Goerdeler (KPMG) Réviseurs d'entreprises sccrl,
represented by Olivier MACQ.

PricewaterhouseCoopers Réviseurs d'entreprises sccrl,
represented by Luc DISCRY.

Fortis Bank Consolidated Financial Statements 2008

Consolidated balance sheet

(before appropriation of result)

	Note	31 December 2008	31 December 2007
Assets			
Cash and cash equivalents	14	22,644	27,003
Assets held for trading	15	88,432	75,347
Due from banks	16	47,043	118,346
Due from customers	17	215,630	315,302
Investments:	18		
- *Held to maturity*		*3,851*	*4,234*
- *Available for sale*		*101,194*	*103,183*
- *Held at fair value through profit or loss*		*2,828*	*5,718*
- *Investment property*		*672*	*688*
- *Associates and joint ventures*		*436*	*27,699*
		108,981	141,522
Trade and other receivables	19	5,680	6,546
Property, plant and equipment	20	2,281	2,715
Goodwill and other intangible assets	21	1,992	1,559
Assets classified as held for sale	3	738	
Current and deferred tax assets	29	2,454	2,439
Accrued interest and other assets	22	90,902	76,434
Total assets		**586,777**	**767,213**
Liabilities			
Liabilities held for trading	15	86,309	89,457
Due to banks	23	133,917	192,141
Due to customers	24	217,815	267,164
Debt certificates	25	49,617	95,054
Subordinated liabilities	26	21,932	23,097
Other borrowings	27	565	2,665
Provisions	28	1,331	842
Current and deferred tax liabilities	29	525	1,423
Accrued interest and other liabilities	30	59,518	61,504
Liabilities related to assets held for sale	3	105	
Total liabilities		**571,634**	**733,347**
Shareholders' equity	4	12,363	33,436
Minority interests	5	2,780	430
Total equity		**15,143**	**33,866**
Total liabilities and equity		**586,777**	**767,213**

Consolidated income statement

	Note	2008	2007
Income			
Interest income	33	103,470	86,541
Interest expense	39	(99,507)	(82,781)
Net interest income		**3,963**	**3,760**
Fee and commission income	37	3,375	3,323
Fee and commission expense	41	(1,167)	(1,034)
Net fee and commission income		**2,208**	**2,289**
Dividend, Share in result of associates and joint ventures and other investment income	34	281	305
Realised capital gains (losses) on investments	35	(278)	734
Other realised and unrealised gains and losses	36	(1,483)	674
Other income	38	321	227
Total income, net of interest expense		**5,012**	**7,989**
Change in impairments	40	(10,052)	(2,793)
Net revenues		**(5,040)**	**5,196**
Expenses			
Staff expenses	43	(3,373)	(3,154)
Depreciation and amortisation of tangible and intangible assets	42	(458)	(327)
Other expenses	44	(2,361)	(1,880)
Total expenses		**(6,192)**	**(5,361)**
Profit (loss) before taxation		**(11,232)**	**(165)**
Income tax expense	45	(184)	693
Net profit (loss) for the period before discontinued operations		**(11,416)**	**528**
Net result on discontinued operations	3	(9,127)	1,267
Net profit (loss) for the period		**(20,543)**	**1,795**
Net profit attributable to minority interests		13	14
Net profit (loss) attributable to shareholders		**(20,556)**	**1,781**

Consolidated statement of changes in equity

	Share capital	*Share premium reserve*	*Other reserves*	*Currency translation reserve*	*Net profit attributable to shareholders*	*Unrealised gains and losses*	*Share holders' equity*	*Minority interests*	*Total equity*
Balance at 1 January 2007	**3,112**	**4,889**	**3,186**	**(148)**	**4,732**	**930**	**16,701**	**197**	**16,898**
Net profit (loss) for the period					1,781		1,781	14	1,795
Revaluation of investments						(1,627)	(1,627)	1	(1,626)
Foreign exchange differences				16			16	5	21
Other non-owner changes in equity			(27)				(27)	(8)	(35)
Total non-owner changes in equity			*(27)*	*16*	*1,781*	*(1,627)*	*143*	*12*	*155*
Transfer			4,732		(4,732)				
Dividend			(225)				(225)	(10)	(235)
Increase of capital	1,582	15,368					16,950	231	17,181
Treasury shares									
Equity component of subordinated liabilities			(131)				(131)		(131)
Other changes in equity			(2)						(2)
Balance at 31 December 2007	**4,694**	**20,257**	**7,533**	**(132)**	**1,781**	**(697)**	**33,436**	**430**	**33,866**
Net profit (loss) for the period					(20,556)		(20,556)	13	(20,543)
Revaluation of investments						(4,298)	(4,298)	(165)	(4,463)
Foreign exchange differences				(268)		(53)	(321)	(26)	(347)
Other non-owner changes in equity									
Total non-owner changes in equity				*(268)*	*(20,556)*	*(4,351)*	*(25,175)*	*(178)*	*(25,353)*
Transfer			1,781		(1,781)				
Dividend								(10)	(10)
Increase of capital	4,681	19					4,700		4,700
Treasury shares									
Equity component of subordinated liabilities									
Other changes in equity			(598)				(598)	2,538	1,940
Balance at 31 December 2008	**9,375**	**20,276**	**8,716**	**(400)**	**(20,556)**	**(5,048)**	**12,363**	**2,780**	**15,143**

Changes in equity are described in greater detail in note 4 ‘Shareholders’ equity’ and note 5 ‘Minority interests’.

Consolidated cash flow statement

	2008	2007
Profit (loss) before taxation	(11,232)	
Net result on discontinued operations	(9,127)	
Tax expense' from discontinued operations	63	
Profit (loss) before taxation	**(20,296)**	**1,434**
Adjustments on non-cash items included in profit before taxation:		
(Un)realised gains (losses)	11,173	(1,017)
Depreciation, amortisation and accretion	602	448
Provisions and impairments	10,286	2,941
Share of profits in associates and joint ventures	(353)	(186)
Changes in operating assets and liabilities:		
Assets and liabilities held for trading	2,519	21,192
Due from banks	45,627	(29,402)
Due from customers	(35,124)	(32,271)
Other receivables	(2,005)	(554)
Due to banks	(48,107)	14,758
Due to customers	(175)	9,123
Net changes in all other operational assets and liabilities	55,144	2,890
Dividend received from associates	56	
Income tax paid	(717)	(512)
Cash flow from operating activities	**18,630**	**(11,156)**
Purchases of investments	(64,023)	(74,494)
Proceeds from sales and redemptions of investments	57,523	86,989
Purchases of investment property	(83)	(110)
Proceeds from sales of investment property	45	37
Purchases of property, plant and equipment	(455)	(1,000)
Proceeds from sales of property, plant and equipment	189	130
Acquisition of subsidiaries, associates and joint ventures, net of cash acquired	(3,634)	(24,133)
Divestments of subsidiaries, associates and joint ventures, net of cash sold	2,973	(38)
Purchases of intangible assets	(277)	(368)
Proceeds from sales of intangible assets	1	
Change in scope of consolidation	(29)	(6)
Cash flow from investing activities	**(7,770)**	**(12,993)**
Proceeds from the issuance of debt certificates	51,950	136,283
Payment of debt certificates	(78,227)	(129,039)
Proceeds from the issuance of subordinated liabilities	4,986	11,554
Payment of subordinated liabilities	(827)	(2,535)
Proceeds from the issuance of other borrowings		2,753
Payment of other borrowings	(51)	(4,435)
Proceeds from the issuance of shares	7,091	16,818
Dividends paid to shareholders of the parent company		(225)
Dividends paid to minority interests	(10)	(10)
Repayment of capital (including minority interests)	(3)	
Cash flow from financing activities	**(15,091)**	**31,164**
Effect of exchange rate differences on cash and cash equivalents	(128)	(804)
Net increase (decrease) of cash and cash equivalents	**(4,359)**	**6,211**
Cash and cash equivalents as at 1 January	**27,003**	**20,792**
Cash and cash equivalents as at 31 December	**22,644**	**27,003**
Supplementary disclosure of operating cash flow information		
Interest received	97,696	83,333
Dividend received from investments	168	151
Interest paid	(91,222)	(78,279)

General Notes

1 Accounting policies

1.1 General

The Fortis Bank Consolidated Financial Statements, including the 2007 comparative figures, are prepared in accordance with International Financial Reporting Standards (IFRSs) – including International Accounting Standards (IAS) and Interpretations – at 31 December 2008 and as adopted by the European Union. For IAS 39, *Financial Instruments: Recognition and Measurement*, the exclusion regarding hedge accounting (the so-called 'carve-out') decreed by the European Union on 19 November 2004 is taken into account.

Where accounting policies are not specifically mentioned below, reference should be made to the IFRSs as adopted by the European Union.

1.2 Accounting estimates

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying these accounting policies. Actual results may differ from those estimates and judgemental decisions.

Judgements and estimates are principally made in the following areas:

- estimation of the recoverable amount of impaired assets ;
- determination of fair values of non-quoted financial instruments ;
- determination of the useful life and the residual value of property, plant and equipment, investment property and intangible assets ;
- actuarial assumptions related to the measurement of pension obligations and assets ;
- estimation of present obligations resulting from past events in the recognition of provisions ;
- model adjustments (volatility smiles / credit risk) on the measurement of derivatives due to the illiquidity of financial markets ; and
- application of valuation techniques on financial instruments, including structured credit instruments and convertible subordinated loans, due to the illiquidity of financial markets.

1.3 Changes in accounting policies

The accounting policies used to prepare these 2008 Consolidated Annual Financial Statements are consistent with those applied for the year ended 31 December 2007.

The following changes to Standards (IFRSs) and Interpretations (IFRICs) came into effect during the financial year 2008 (all endorsed by the European Union, except IFRIC 12), with no material effect on Fortis Bank:

- IFRIC 11, IFRS 2 – *Group and Treasury Share Transactions ;*
- IFRIC 12, *Service Concession Agreements ;*
- IFRIC 14, IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.*

On 13 October 2008, the IASB (International Accounting Standards Board) issued amendments to IAS 39, *Financial Instruments: Recognition and Measurement* and IFRS 7, *Financial Instruments: Disclosures* (endorsed by the European Union on 15 October 2008). The amendments to IAS 39 permit reclassifications from the held for trading or available for sale categories to loans and receivables if the entity has the intention and ability to hold the financial asset for the foreseeable future. The amendments also allow non-derivative financial assets classified as held for trading to be reclassified in rare circumstances. The amendments to IFRS 7 specify the disclosures to be made in case of transfers. The effective date for the amendments is 1 July 2008. Fortis Bank has made use of these reclassification possibilities during the fourth quarter of 2008. Please refer to note 18.2 Investments available for sale.

During the year 2008, a number of changes to IFRSs or IFRICs have been published with a later application date:

On 10 January 2008, the IASB published a revised version of IFRS 3, *Business Combinations*, and related revisions to IAS 27, Consolidated and Separate Financial Statements (not yet endorsed by the European Union). In the new version of IFRS 3, transaction costs directly attributable to the acquisition are no longer included in the cost of the business combination. Furthermore, under IFRS 3 the acquirer can elect to measure any non-controlling interest at fair value at the acquisition date, or at its proportionate interest in the fair value of the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Also, a partial disposal of an investment in a subsidiary that results in loss of control triggers remeasurement of the residual holding to fair value. This amendment is applicable as from the financial year 2010 (with earlier application permitted) and could potentially have an effect on Fortis Bank depending on the acquisitions and divestments that would take place.

On 17 January 2008, the IASB issued an amendment to IFRS 2, Shared-based Payments (endorsed by the European Union on 16 December 2008). This amendment clarifies that vesting conditions are service conditions and performance conditions only and introduces non-vesting conditions. This amendment is applicable as from the financial year 2009 (with earlier application permitted) and is not expected to have a material effect on Fortis Bank.

On 14 February 2008, the IASB issued amendments to improve the accounting for particular types of financial instruments that have characteristics similar to those of ordinary shares but that at present are classified as financial liabilities (endorsed by the European Union on 21 January 2009). The amendments affect IAS 32, *Financial Instruments: Presentation*, and IAS 1, *Presentation of Financial Statements*. These amendments are applicable as from the financial year 2009 (with earlier application permitted) and are not expected to have a material effect on Fortis Bank.

On 22 May 2008, the IASB issued '*Improvements to IFRSs*', a collection of minor amendments to a number of IFRSs (endorsed by the European Union on 23 January 2009). These amendments have different application dates and are not expected to have a material effect on Fortis Bank.

On the same date, the IASB issued an amendment to IFRS 1, *First-time Adoption of International Financial Reporting Standards*, and IAS 27, *Consolidated and Separate Financial Statements*, related to the cost of an investment in a subsidiary in the separate financial statements of a parent (endorsed by the European Union on 23 January 2009). This amendment is applicable as from the financial year 2010 (with earlier application permitted) and is not expected to have a material impact on Fortis Bank.

On 3 July 2008, the IFRIC (International Financial Reporting Interpretation Committee) issued IFRIC 15, *Agreements for the Construction of Real Estate* (not yet endorsed by the European Union), standardising accounting practice across jurisdictions for the recognition of revenue by real estate developers for sales of units. IFRIC 15 is applicable as from the financial year 2009 (with earlier application permitted) and is not expected to have a material effect on Fortis Bank.

On the same date, the IFRIC issued IFRIC 16, *Hedges of a Net Investment in a Foreign Operation* (not yet endorsed by the European Union), clarifying which risks are eligible for hedge accounting. IFRIC 16 is applicable as from the financial year 2009 (with earlier application permitted) and is not expected to have a material effect on Fortis Bank.

On 31 July 2008, the IASB issued amendments to IAS 39, *Financial Instruments: Recognition and Measurement*, to clarify two hedge accounting issues: inflation in a financial hedged item, and a one-sided risk in a hedged item (not yet endorsed by the European Union). The amendments are applicable as from the financial year 2010 (with earlier application permitted) and is not expected to have a material effect on Fortis Bank.

On 27 November 2008, the IFRIC issued IFRIC 17, *Distributions of Non-cash Assets to Owners* (not yet endorsed by the European Union). This IFRIC clarifies that a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity, and that the dividend payable should be measured at the fair value of the net assets to be distributed, with the difference between the dividend paid and the carrying amount of the net assets distributed recognised in the income statement. IFRIC 17 is applicable as from the financial year 2010 (with earlier application permitted) and is not expected to have a material effect on Fortis Bank.

Furthermore, the following IFRSs and IFRICs will also be applicable as from the financial year 2009 (all endorsed by the European Union):

- IFRS 8, *Operating Segments*. This Standard requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity’s chief operating decision maker and could have some effect on the way the segment reporting is published by Fortis Bank.
- IAS 23, *Borrowing Costs*. This Standard requires capitalisation of all borrowing costs, which is already in line with the Fortis Bank policy.
- IAS 1, *Presentation of Financial Statements*. The amendments will only have an impact on presentation, not on recognition or measurement.
- IFRIC 13, *Customer Loyalty Programmes*. This Interpretation addresses accounting by entities granting loyalty award credits to customers and is not expected to have a material effect on Fortis Bank.

1.4 Segment reporting

Primary reporting format – business segments

The primary format for reporting segment information is based on business segments. Fortis Bank's reportable business segments represent groups of assets and operations engaged in providing financial products or services, which are subject to differing risks and returns.

Fortis Bank's core activity is **Banking**. As such, Fortis Bank is organised on a worldwide basis into four businesses, further subdivided into business segments:

- Retail Banking ;
- Asset Management ;
- Private Banking ; and
- Merchant Banking.

Activities not related to Banking and elimination differences are reported separately from the Banking activities.

Transactions or transfers between the business segments are entered into under normal commercial terms and conditions that would be available to unrelated third parties.

Secondary reporting format – geographical segments

A geographical segment is engaged in providing products or services within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

Fortis Bank's geographical segments for reporting purposes are as follows:

- Benelux (Belgium, the Netherlands, Luxembourg) ;
- Other European Countries ;
- North America ;
- Asia ; and
- Other.

1.5 Consolidation principles

Subsidiaries

The Consolidated Financial Statements include those of Fortis Bank and its subsidiaries. Subsidiaries are those companies, of which Fortis Bank, either directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from its activities ('control'). Subsidiaries are consolidated from the date on which effective control is transferred to Fortis Bank and are no longer consolidated from the date that control ceases. Subsidiaries acquired exclusively with a view to resale are accounted for as non-current assets held for sale (see section 1.21 Non-current assets held for sale and discontinued operations).

Fortis Bank sponsors the formation of Special Purpose Entities ('SPEs') primarily for the purpose of asset securitisation transactions, structured debt issuance, or to accomplish another well-defined objective. Some of the SPEs are bankruptcy-remote companies whose assets are not available to settle the claims of Fortis Bank. SPEs are consolidated if, in substance, they are controlled by Fortis Bank.

Intercompany transactions, balances and gains and losses on transactions between the Fortis Bank companies are eliminated. Minority interests in the net assets and net results of consolidated subsidiaries are shown separately on the balance sheet and income statement. Minority interests are stated at the fair value of the net assets at the date of acquisition. Subsequent to the date of acquisition, minority interests comprise the amount calculated at the date of acquisition and the minority's share of changes in equity since the date of acquisition.

The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether Fortis Bank controls another entity.

Joint ventures

Investments in joint ventures are accounted for using the equity method. Joint ventures are contractual agreements whereby Fortis Bank and other parties undertake an economic activity that is subject to joint control.

Associates

Investments in associates are accounted for using the equity method. These are investments where Fortis Bank has significant influence, but which it does not control. The investment is recorded at Fortis Bank's share of the net assets of the associate. The ownership share of net income for the year is recognised as investment income and Fortis Bank's share in the investment's post-acquisition direct equity movements are recognised in equity.

Gains on transactions between Fortis Bank and investments accounted for using the equity method are eliminated to the extent of Fortis Bank's interest. Losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Adjustments are made to the financial statements of the associates to ensure consistent accounting policies across Fortis Bank.

Losses are recognised until the carrying amount of the investment is reduced to nil and further losses are only recognised to the extent that Fortis Bank has incurred legal or constructive obligations or made payments on behalf of an associate.

1.6 Foreign currency

The consolidated financial statements are stated in euros, which is the presentation currency of Fortis Bank.

Foreign currency transactions

For individual entities of Fortis Bank, foreign currency transactions are accounted for using the exchange rate at the date of the transaction.

Outstanding balances in foreign currencies at year end are translated at year end exchange rates for monetary items.

Translation of non-monetary items depends on whether the non-monetary items are carried at historical cost or at fair value. Non-monetary items carried at historical cost are translated using the historical exchange rate that existed at the date of the transaction. Non-monetary items that are carried at fair value are translated using the exchange rate on the date that the fair values are determined.

The resulting exchange differences are recorded in the income statement as foreign currency gains (losses), except for those non-monetary items whose fair value change is recorded as a component of equity.

The distinction between exchange differences (recognised in the income statement) and unrealised fair value results (recognised in equity) on available-for-sale financial assets is determined according to the following rules:

- the exchange differences are determined based on the evolution of the exchange rate calculated on the previous balances in foreign currency ; and
- the unrealised (fair value) results are determined based on the difference between the balances in euros of the previous and the new period, converted at the new exchange rate.

Foreign currency translation

On consolidation, the income statement and cash flow statement of entities whose functional currency is not denominated in euros are translated into the presentation currency of Fortis Bank (euros), at average daily exchange rates for the current year (or exceptionally at the exchange rate at the date of the transaction if exchange rates fluctuate significantly) and their balance sheets are translated using the exchange rates prevailing at the balance sheet date. Translation exchange differences are recognised in equity under the heading 'Currency translation reserve'. On disposal of a foreign entity, such exchange differences are recognised in the income statement as part of the gain or loss on the sale.

Exchange differences arising on monetary items, borrowings and other currency instruments, designated as hedges of a net investment in a foreign entity are recorded in equity (under 'Currency translation reserve') in the Consolidated Financial Statements, until the disposal of the net investment, except for any hedge ineffectiveness that is immediately recognised in the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing exchange rate on the balance sheet date. All resulting differences are recognised in equity under the heading ‘Currency translation reserve’ until disposal of the foreign entity when a recycling to the income statement takes place.

The following table shows the rates of the most relevant currencies for Fortis Bank.

	Closing rates		*Average rates*	
	2008	*2007*	*2008*	*2007*
1 EURO =				
Pound Sterling (GBP)	0.95	0.73	0.80	0.68
US Dollar (USD)	1.39	1.47	1.47	1.37
Japanese Yen (JPY)	126.18	164.58	152.46	161.29

1.7 Trade and settlement date

All purchases and sales of financial assets requiring delivery within the time frame established by regulation or market convention are recognised on the trade date, which is the date when Fortis Bank becomes a party to the contractual provisions of the financial assets.

Forward purchases and sales other than those requiring delivery within the time frame established by regulation or market convention are recognised as derivative forward transactions until settlement.

1.8 Offsetting

Financial assets and liabilities are offset and the net amount reported on the balance sheet if there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.9 Classification and measurement of financial assets and liabilities

Fortis Bank classifies financial assets and liabilities based on the business purpose of entering into these transactions.

Financial assets

Consequently, financial assets are classified as assets held for trading, investments, due from banks and due from customers.

The measurement and income recognition in the income statement depend on the IFRS classification of the financial assets, being: (a) loans and receivables; (b) held-to-maturity investments; (c) financial assets at fair value through profit or loss and (d) available-for-sale financial assets. This IFRS classification determines the measurement and recognition as follows:

- Loans and receivables are initially measured at fair value (including transaction costs) and subsequently measured at amortised cost using the effective interest method, with the periodic amortisation in the income statement.

- Held-to-maturity investments consist of instruments with fixed or determinable payments and fixed maturity for which the positive intent and ability to hold to maturity is demonstrated. They are initially measured at fair value (including transaction costs) and subsequently measured at amortised cost using the effective interest method, with the periodic amortisation recorded in the income statement.

- Financial assets at fair value through profit or loss include:
  (i) financial assets held for trading, including derivative instruments that do not qualify for hedge accounting
  (ii) financial assets that Fortis Bank has irrevocably designated at initial recognition or first-time adoption of IFRS as held at fair value through profit or loss, because
    - the host contract includes an embedded derivative that would otherwise require separation ;
    - it eliminates or significantly reduces a measurement or recognition inconsistency (‘accounting mismatch’) ; or
    - it relates to a portfolio of financial assets and/or liabilities that are managed and evaluated on a fair value basis.

- Available-for-sale financial assets are those that are otherwise not classified as loans and receivables, held-to-maturity investments, or financial assets designated at fair value through profit or loss. Available-for-sale financial assets are initially measured at fair value (including transaction costs), and are subsequently measured at fair value with unrealised gains or losses from fair value changes reported in equity.

Financial liabilities

Financial liabilities are classified as liabilities held for trading, due to banks, due to customers, debt certificates, subordinated liabilities and other borrowings.

The measurement and recognition in the income statement depends on the IFRS classification of the financial liabilities, being: (a) financial liabilities at fair value through profit or loss, and (b) other financial liabilities. This IFRS classification determines the measurement and recognition in the income statement as follows:

- Financial liabilities at fair value through profit or loss include:
  (i) financial liabilities held for trading, including derivative instruments that do not qualify for hedge accounting
  (ii) financial liabilities that Fortis Bank has irrevocably designated at initial recognition or first-time adoption of IFRS as held at fair value through profit or loss, because :
    - the host contract includes an embedded derivative that would otherwise require separation ;
    - it eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch'); or
    - it relates to a portfolio of financial assets and/or liabilities that are managed and evaluated on a fair value basis.

- Other financial liabilities are initially recognised at fair value (including transaction costs) and subsequently measured at amortised cost using the effective interest method, with the periodic amortisation recorded in the income statement.

1.10 Fair value of financial instruments

The fair value of a financial instrument is determined based on quoted prices in active markets. When quoted prices in active markets are not available, valuation techniques are used. Valuation techniques make maximum use of market inputs but are affected by the assumptions used, including discount rates and estimates of future cash flows, and take into consideration, where applicable, model risks. Such techniques include market prices of comparable investments, discounted cash flows, option pricing models and market multiples valuation methods. In the rare case where it is not possible to determine the fair value of a financial instrument, it is accounted for at cost.

On initial recognition, the fair value of a financial instrument is the transaction price, unless the fair value is evidenced by observable current market transactions in the same instrument, or is based on a valuation technique that includes inputs only from observable markets.

The principal methods and assumptions used by Fortis Bank in determining the fair value of financial instruments are:

- Fair values for securities available for sale or at fair value through profit or loss are determined using market prices from active markets. If no quoted prices are available from an active market, the fair value is determined using discounted cash flow models. Discount factors are based on the swap curve plus a spread reflecting the risk characteristics of the instrument. Fair values for securities held to maturity (only necessary for disclosures) are determined in the same way.
- Fair values for derivative financial instruments are obtained from active markets or determined using, as appropriate, discounted cash flow models and option pricing models.
- Fair values for unquoted private equity investments are estimated using applicable market multiples (e.g. price/earnings or price/cash flow ratios) refined to reflect the specific circumstances of the issuer.
- Fair values for loans are determined using discounted cash flow models based upon Fortis Bank's current incremental lending rates for similar type loans. For variable-rate loans that re-price frequently and have no significant change in credit risk, fair values are approximated by the carrying amount. Option pricing models are used for valuing caps and prepayment options embedded in loans that have been separated in accordance with IFRS.
- Off-balance-sheet commitments or guarantees are fair valued based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standings.
- For short-term payables and receivables, the carrying amounts are considered to approximate fair values.

1.11 Measurement of impaired assets

An asset is impaired when its carrying amount exceeds its recoverable amount. Fortis Bank reviews all of its assets at each reporting date for objective evidence of impairment.

The carrying amount of impaired assets is reduced to its estimated recoverable amount and the amount of the change in the current year is recognised in the income statement. Recoveries, write-offs and reversals of impairment are included in the income statement as part of change in impairment.

If in a subsequent period the amount of the impairment on assets other than goodwill or available-for-sale equity instruments decreases, due to an event occurring after the write-down, the amount is reversed by adjusting the impairment and is recognised in the income statement.

Financial assets

A financial asset (or group of financial assets) is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cash flows of the financial asset (or group of financial assets) that can be reliably estimated.

For equity securities, the triggers used to determine whether there is objective evidence of impairment include, amongst others, the consideration whether the fair value is substantially below cost at the balance sheet date, or has been below cost for a prolonged period at the balance sheet date. Specific triggers have been determined for structured credit instruments. Please refer to note 18.4 Structured credit instruments.

Depending on the type of financial asset, the recoverable amount can be estimated as follows:

- the fair value using an observable market price ;
- present value of expected future cash flows discounted at the instrument's original effective interest rate (for financial assets carried at amortised cost) ; or
- based on the fair value of the collateral.

Impairments to available-for-sale equity instruments cannot be reversed through the income statement in subsequent periods.

Goodwill and other intangible assets

See section 1.20 Goodwill and other intangible assets.

Other assets

For non-financial assets, the recoverable amount is measured as the higher of the fair value less cost to sell and the value in use. Fair value less cost to sell is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, after deducting any direct incremental disposal costs. Value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.

1.12 Cash and cash equivalents

Content

Cash and cash equivalents comprise cash on hand, freely available balances with central banks and other financial instruments with less than three months maturity from the date of acquisition.

Cash flow statement

Fortis Bank reports cash flows from operating activities using the indirect method, whereby the net result is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

Interests received and interests paid are presented as cash flows from operating activities in the cash flow statement. Dividends received are classified as cash flows from operating activities. Dividends paid are classified as cash flows from financing activities.

1.13 Due from banks and due from customers

Classification

Due from banks and due from customers include loans originated by Fortis Bank by providing money directly to the borrower or to a sub-participation agent and loans purchased from third parties that are carried at amortised cost. Debt securities acquired on the primary market directly from the issuer are recorded as loans, provided there is no active market for those securities. Loans that are originated or purchased with the intent to be sold or securitised in the short-term are classified as assets held for trading. Loans that are designated as held at fair value through profit or loss or available for sale are classified as such at initial recognition.

Loan commitments that allow for a drawdown of a loan within the timeframe generally established by regulation or convention in the market place are not recognised as derivative financial instruments but are recognised off balance sheet.

Measurement

Incremental costs incurred and loan origination fees earned in securing a loan are deferred and amortised over the life of the loan as an adjustment to the yield.

Impairment

A credit risk for specific loan impairment is established if there is objective evidence that Fortis Bank will not be able to collect all amounts due in accordance with contractual terms. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows or, alternatively, the collateral value less costs to sell if the loan is secured.

An ‘incurred but not reported’ (IBNR) impairment on loans is recorded when there is objective evidence that incurred losses are present in components of the loan portfolio, without having specifically identified impaired loans. This impairment is estimated based upon historical patterns of losses in each component, reflecting the current economic climate in which the borrowers operate and taking into account the risk of difficulties in servicing external debt in some foreign countries based on an assessment of the political and economic situation.

Impairments are recorded as a decrease in the carrying value of ‘Due from banks’ and ‘Due from customers’.

Impairments on loan commitments recorded off balance sheet are classified under ‘Provisions’.

When a specific loan is identified as uncollectible and all legal and procedural actions have been exhausted, the loan is written off against the related charge for impairment; subsequent recoveries are credited to change in impairment in the income statement.

1.14 Sale and repurchase agreements and lending/borrowing securities

Securities subject to a repurchase agreement (‘repo‘) are not derecognised from the balance sheet. The liability resulting from the obligation to repurchase the assets is included in ‘Due to banks’ or ‘Due to customers’ depending on the type of counterparty. Securities purchased under agreements to resell (‘reverse repos’) are not recognised on the balance sheet. The right to receive cash from the counterparty is recorded as ‘Due from banks’ or ‘Due from customers’ depending on the type of counterparty. The difference between the sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Securities lent to counterparties remain on the balance sheet. Similarly, securities borrowed are not recognised on the balance sheet. If borrowed securities are sold to third parties, the proceeds from the sale and a liability for the obligation to return the collateral are recorded. The obligation to return the collateral is measured at fair value through profit or loss and is classified as a liability held for trading. Cash advanced or received related to securities borrowing or lending transactions is recorded as ‘Due from banks’ / ‘Due from customers’ or ‘Due to banks’ / ‘Due to customers’.

1.15 Assets and liabilities held for trading

A financial asset or financial liability is classified as held for trading if it is:

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term ;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking ; or
- a derivative (except for a derivative that is a designated and effective hedging instrument).

Assets and liabilities held for trading are initially recognised and subsequently measured at fair value through profit or loss. The (realised and unrealised) results are included in 'Other realised and unrealised gains and losses'. Interest received (paid) on assets (liabilities) held for trading is reported as interest income (expense). Dividends received are included in 'Dividend and other investment income'.

1.16 Investments

Management determines the appropriate classification of its investment securities at the time of the purchase. Investment securities with a fixed maturity where management has both the intent and the ability to hold to maturity are classified as held to maturity. Investment securities to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices, are classified as available for sale. Investment securities that are acquired for the purpose of generating short-term profits are considered to be held for trading. Any investment, other than investments in equity instruments without a quoted market price in an active market, may be designated on initial recognition as a financial instrument at fair value through profit or loss. Once an asset has been designated as held at fair value through profit or loss it cannot be transferred to a different category.

Held-to-maturity investments are carried at amortised cost less any impairment changes. Any difference between the initial recognition amount resulting from transaction costs, initial premiums or discounts is amortised over the life of the investment using the effective interest method. If a held-to-maturity investment is determined to be impaired, the impairment is recognised in the income statement.

Available-for-sale investment securities are held at fair value. Changes in the fair value are recognised directly in equity until the asset is sold unless the asset is hedged by a derivative. If an investment is determined to be impaired, the impairment is recognised in the income statement. For impaired available-for-sale investments, unrealised losses previously recognised in equity are transferred to the income statement when the impairment occurs.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment was recognised in the income statement, the impairment is reversed, with the amount of the reversal recognised in the income statement. Impairments recognised in the income statement for an investment in an equity instrument classified as available for sale are not reversed through the income statement.

Available-for-sale investment securities that are hedged by a derivative are carried at fair value with movements in fair value recognised through the income statement for the part attributable to the hedged risk and through equity for the remaining part.

Held-for-trading assets and assets designated as held at fair value through profit or loss are carried at fair value. Changes in the fair value are recognised in the income statement.

Investment property

Investment properties are those properties held to earn rental income or for capital appreciation. Fortis Bank may also use certain investment properties for its own use. If the own use portions can be sold separately or leased out separately under a finance lease, these portions are accounted for as property, plant and equipment. If the own use portions cannot be sold separately, the property is treated as investment property only if Fortis Bank holds an insignificant portion for its own use.

Investment property is measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated using the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. The residual value and the useful life of investment property are determined for each significant part separately (component approach) and are reviewed at each year end.

Fortis Bank rents out its investment property under various non-cancellable rental contracts. Certain contracts contain renewal options for various periods of time; the rental income associated with these contracts is recognised on a straight-line basis over the rental term as investment income.

Transfers to, or from, investment property are only made when there is a change of use:

- into investment property at the end of owner-occupation, or at the start of an operating lease to a another party, or at the end of construction or development ; and
- out of investment property at the commencement of owner-occupation, or start of development with a view to sale.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.17 Leasing

Fortis Bank as a lessor

Assets leased under operating leases are included in the consolidated balance sheet (a) under investment property (buildings), and (b) under property, plant and equipment (equipment and motor vehicles). They are recorded at cost less accumulated depreciation and accumulated impairment losses. Rental income, net of any incentives given to lessees, is recognised on a straight-line basis over the lease term. Initial direct costs incurred by Fortis Bank are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income.

Fortis Bank has also entered into finance leases, in which substantially all the risks and rewards related to ownership of the leased asset, other than legal title, are transferred to the customer.

When assets held are subject to a finance lease, the present value of the lease payments and any guaranteed residual value is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease interest income is recognised over the term of the lease based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of finance leases. Initial direct costs incurred by Fortis Bank are included in the finance lease receivable and allocated against lease interest income over the lease term.

Fortis Bank as a lessee

Fortis Bank principally enters into operating leases for the rental of equipment and land and buildings. Payments made under such leases are typically charged to the income statement principally on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Any incentives received from the lessor in relation to operating leases are recognised as a reduction of rental expense over the lease term on a straight-line basis.

If the lease agreement transfers substantially all the risk and rewards incident to ownership of the asset, the lease is recorded as a finance lease and the related asset is capitalised. At inception, the asset is recorded at the lower of the present value of the minimum lease payments or fair value and depreciated over the shorter of its estimated useful life or the lease term. The corresponding lease obligation, net of financing charges, is recorded as borrowings. The interest element of the financing cost is charged to the income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the obligation for each period.

1.18 Other receivables

Other receivables arising from the normal course of business and originated by Fortis Bank are initially recorded at fair value and subsequently measured at amortised cost using the effective interest method, less impairments.

1.19 Property, plant and equipment

All real estate held for own use and fixed assets are stated at cost less accumulated depreciation (except for land that is not depreciated) and any accumulated impairment losses. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.

The depreciation of buildings is calculated using the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. The useful life of the buildings is determined for each significant part separately (component approach) and is reviewed at each year end. The real estate is therefore split into the following components: structure, closing, techniques and equipment, heavy finishing and light finishing.

The maximum useful life of the components is as follows:

Structure	50 years for offices and retail; 70 years for residential
Closing	30 years for offices and retail; 40 years for residential
Techniques and equipment	20 years for offices; 25 years for retail and 40 years for residential
Heavy finishing	20 years for offices; 25 years for retail and 40 years for residential
Light finishing	10 years for offices, retail and residential

Land has an unlimited useful life and is therefore not depreciated. IT and office equipment are depreciated over their respective useful lives, which have been determined individually.

As a general rule, residual values are considered to be zero.

Repairs and maintenance expenses are charged to the income statement when the expenditure is incurred. Expenditures that enhance or extend the benefits of real estate or fixed assets beyond their original use are capitalised and subsequently depreciated.

For borrowing costs to finance the construction of property, plant and equipment: see section 1.32 Borrowing costs.

1.20 Goodwill and other intangible assets

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance that is recognised at cost if, and only if, it will generate future economic benefits and if the cost of the asset can be measured reliably.

Intangible assets with indefinite lives, which are not amortised, are instead tested for impairment at least annually. Any impairment loss identified is recognised in the income statement. Intangibles are recorded on the balance sheet at cost less any accumulated amortization and any accumulated impairment losses. The residual value and the useful life of intangible assets are reviewed at each year end. With the exception of goodwill, Fortis Bank does not have intangible assets with indefinite useful lives.

Intangible assets with definite lives are amortised over the estimated useful life.

Goodwill

Acquisitions of companies are accounted for using the purchase method of accounting. Goodwill represents the excess of the fair value of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination over Fortis Bank's interest in the fair value of assets acquired and liabilities and contingent liabilities assumed. Goodwill arising on the acquisition of a subsidiary is reported on the balance sheet as an intangible asset. Goodwill arising on business combinations before 1 January 2004 is deducted from equity and is not restated under IFRS. At acquisition date, it is allocated to those cash-generating units that are expected to benefit from the synergies of the business combination. It is not amortised, but is instead tested for impairment. Goodwill arising on the acquisition of an associate is presented as part of the investment in the associate.

Any excess of the acquired interest in the net fair value of the acquiree's assets, liabilities and contingent liabilities over the acquisition cost is recognised immediately in the income statement.

Fortis Bank assesses the carrying value of goodwill annually or, more frequently, if events or changes in circumstances indicate that such carrying value may not be recoverable. If such indication exists, the recoverable amount is determined for the cash-generating unit to which goodwill belongs. This amount is then compared to the carrying amount of the cash-generating unit and an impairment loss is recognised if the recoverable amount is less than the carrying amount. Impairment losses are recognised immediately in the income statement.

In the event of an impairment loss, Fortis Bank first reduces the carrying amount of goodwill allocated to the cash generating unit and then reduces the other assets in the cash-generating unit pro rata on the basis of the carrying amount of each asset in the cash generating unit. Previously recognised impairment losses relating to goodwill are not reversed.

Fortis Bank may obtain control of a subsidiary in more than one transaction. When this occurs, each exchange transaction is treated separately by Fortis Bank. The cost of each transaction is compared to the fair value of each transaction to determine the amount of goodwill associated with that individual transaction. Before Fortis Bank obtains control of the entity, the transaction may qualify as an investment in an associate and be accounted for using the equity method. If so, the fair value of the investee's identifiable net assets at the date of each earlier transaction will have been determined in applying the equity method to the investment.

Other intangible assets

Internally generated intangible assets

Internally generated intangible assets are capitalised when Fortis Bank can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale ;
- its intention to complete the intangible asset and use or sell it ;
- its ability to use or sell the intangible asset ;
- how the intangible asset will generate probable future economic benefits ;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset ; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets arising from research and internally generated goodwill are not capitalised.

Software

Software for computer hardware that cannot operate without that specific software, such as the operating system, is an integral part of the related hardware and it is treated as property, plant and equipment. If the software is not an integral part of the related hardware, the costs incurred during the development phase for which Fortis Bank can demonstrate all of the above-mentioned criteria are capitalised as an intangible asset and amortised using the straight-line method over the estimated useful life. In general, such software is amortised over a maximum of 5 years.

Other intangible assets with definitive lives

Other intangible assets include intangible assets with definite lives, such as trademarks and licenses that are generally amortised over their useful lives using the straight-line method. Intangible assets with finite lives are reviewed at each reporting date for indicators of impairment. In general, such intangible assets have an expected useful life of 10 years at most.

1.21 Non-current assets held for sale and discontinued operations

Non-current assets or a group of assets and liabilities held for sale are those for which Fortis Bank will recover the carrying amount from a sale transaction that is expected to qualify as a sale within a year, instead of through continuing use.

A discontinued operation is a part of Fortis Bank that has been disposed of or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations ;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations ; or
- is a subsidiary acquired exclusively with a view to resale.

Non-current assets held for sale (and disposal groups) are not depreciated but measured at the lower of its carrying amount and fair value less costs to sell, and are separately presented on the balance sheet.

Results on discontinued operations are presented separately in the income statement.

1.22 Derivative financial instruments and hedging

Recognition and classification

Derivatives are financial instruments such as swaps, forward and future contracts, and options (both written and purchased). The value of these financial instruments changes in response to change in various underlying variables, require little or no net initial investment, and are settled at a future date.

All derivatives are recognised on the balance sheet at fair value on the trade date:

- derivatives held for trading in ‘Assets held for trading’ and ‘Liabilities held for trading’ ; and
- derivatives that qualify for hedge accounting in ‘Accrued interest and other assets’ and ‘Accrued interest and other liabilities’.

Subsequent changes in the clean fair value (i.e. excluding the unrealised portion of the interest accruals) of derivatives are reported in the income statement under ‘Other realised and unrealised gains and losses’.

Financial assets or liabilities can include embedded derivatives. Such financial instruments are often referred to as hybrid financial instruments. Hybrid financial instruments include reverse convertible bonds (bonds whose repayment may take the form of equities) or bonds with indexed interest payments. If the host contract is not carried at fair value through profit or loss and the characteristics and risks of the embedded derivative are not closely related to those of the host contract, the embedded derivative should be separated from the host contract and measured at fair value as a stand-alone derivative. Changes in the fair value are recorded in the income statement. The host contract is accounted for and measured applying the rules of the relevant category of the financial instrument.

However, if the host contract is carried at fair value through profit or loss or if the characteristics and risks of the embedded derivative are closely linked to those of the host contract, the embedded derivative is not separated and the hybrid financial instrument is measured as one instrument.

Embedded derivatives requiring separation are reported as hedging derivatives or derivatives held for trading as appropriate.

Hedging

On the date a derivative contract is entered into, Fortis Bank may designate this contract as either (1) a hedge of the fair value of a recognised asset or liability (fair value hedge); (2) a hedge of a net investment in a foreign entity; or (3) a hedge of future cash flows attributable to a recognised asset or liability or a forecasted transaction (cash flow hedge). Hedges of firm commitments are fair value hedges, except for hedges of foreign exchange risk, which are accounted for as cash flow hedges.

At the start of the transaction, Fortis Bank documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions.

Fortis Bank also documents its assessment - both at the start of the hedge and on an ongoing basis - of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Only assets, liabilities, firm commitments or highly probable forecast transactions that involve a party external to Fortis Bank are designated as hedged items.

The change in fair value of a hedged asset or liability that is attributable to the hedged risk and the change in the fair value of the hedging instrument in a fair value hedge are recognised in the income statement. The change in the fair value of interest-bearing derivative instruments is presented separately from interest accruals.

If the hedge no longer meets the criteria for hedge accounting or is otherwise discontinued, the adjustment to the carrying amount of a hedged interest-bearing financial instrument that results from hedge accounting is amortised using the new effective interest rate calculated on the hedge discontinuance date.

Fair value hedge accounting is applied as from 1 January 2005 for portfolio hedges of interest rate risk ('macro hedging'). Macro hedging implies that a group of derivatives (or proportions) are viewed in combination and jointly designated as the hedging instrument. Although the portfolio may, for risk management purposes, include assets and liabilities, the amount designated is an amount of assets or an amount of liabilities. In this context, the starting difference between the fair value and the carrying value of the hedged item at designation of the hedging relationship is amortised over the remaining life of the hedged item. For macro hedges, Fortis Bank uses the 'carved out' version of IAS 39 adopted by the European Union which removes some of the limitations on fair value hedges and the strict requirements on the effectiveness of those hedges. Under this version, no ineffectiveness is recognised on anticipated repayments, as long as underhedging exists.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity under the caption ‘Unrealised gains and losses’. Any hedge ineffectiveness is immediately recognised in the income statement.

When the hedge of a forecasted transaction or firm commitment results in the recognition of a non-financial asset or of a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of that non-financial asset or liability. Otherwise, amounts deferred in equity are transferred to the income statement and classified as profit or loss in the periods during which the hedged firm commitment or forecasted transaction affects the income statement.

This also applies if the hedge no longer meets the criteria for hedge accounting or is otherwise discontinued, but the hedged forecasted transactions or firm commitments are still expected to occur. If the hedged forecasted transactions or firm commitments are no longer expected to occur, the amounts deferred in equity are transferred to the income statement directly.

Net investment hedges are discussed in section 1.6 Foreign currency.

1.23 Securitisations

Fortis Bank securitises various consumer and commercial financial assets. These securitisations may take the form of a sale of the related assets or a credit risk transfer through the use of funded credit derivatives to special purpose entities. These special purpose entities then issue various security tranches to investors. The financial assets included in a securitisation are fully or partially derecognised when Fortis Bank transfers substantially all risks and rewards of the assets or portions thereof or when Fortis Bank neither transfers nor retains substantially all risks and rewards but does not retain control over the financial assets transferred.

1.24 Debt certificates, subordinated liabilities and other borrowings

Debt certificates, subordinated liabilities and other borrowings are initially recognised at fair value net of direct transaction costs incurred. Subsequently, they are measured at amortised cost and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest method.

Debt that can be converted into a fixed number of Fortis Bank’s own shares is separated into two components on initial recognition: (a) a liability instrument and, (b) an equity instrument. The liability component is first determined by measuring the fair value of a similar liability (including any embedded non-equity derivative features) that does not have an associated equity component.

The carrying amount of the equity instrument represented by the option to convert the instrument into common shares is then determined by deducting the carrying amount of the financial liability from the amount of the compound instrument as a whole.

Preference shares, which carry a mandatory coupon, or which are redeemable on a specific date or at the option of the shareholder, including those preferred shares that establish such a contractual obligation indirectly through their terms and conditions are classified as borrowings. The dividends on these preference shares are recognised in the income statement as interest expense on an amortised cost basis using the effective interest method.

If Fortis Bank purchases its own debt, it is removed from the balance sheet and the difference between the carrying amount of the liability and the consideration paid is included in the income statement.

In determining whether preference shares are classified as a financial liability or as an equity instrument, Fortis Bank assesses the particular rights attached to the shares to determine whether they exhibit the fundamental characteristic of a financial liability.

1.25 Employee benefits

Pension liabilities

Fortis Bank operates a number of defined benefit and defined contribution plans throughout its global activities, in accordance with local conditions or industry practices. The pension plans are generally funded through payments to insurance companies or trustee administered plans, determined by periodic actuarial calculations.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependant on one or more factors such as age and years of service. A defined contribution plan is a pension plan under which Fortis Bank pays fixed contributions. Qualified actuaries calculate the pension assets and liabilities at least annually.

For defined benefit plans, the pension costs and related pension assets or liabilities are estimated using the projected unit credit method. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final liability. Under this method, the cost of providing these benefits is charged to the income statement to spread the pension cost over the service lives of employees. The pension liability is measured at the present value of the estimated future cash outflows using interest rates determined by reference to market yields on high quality corporate bonds that have terms to maturity approximating the terms of the related liability. Net cumulative unrecognised actuarial gains and losses for defined benefit plans exceeding the corridor (greater than 10% of the present value of the defined benefit obligation or 10% of the fair value of any plan assets) are recognised in the income statement over the average remaining service lives of the employees.

Past-service costs are recognised immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Assets that support the pension liabilities of an entity, must meet certain criteria in order to be classified as ‘qualifying pension plan assets’. These criteria relate to the fact that the assets should be legally separate from Fortis Bank or its creditors. If these criteria are not met, the assets are included in the relevant item on the balance sheet (such as investments, property, plant and equipment). If the assets meet the criteria, they are netted against the pension liability.

When the fair value of the plan assets is netted against the present value of the obligation of a defined benefit plan, the resulting amount could be negative (an asset). In this case, the recognised asset cannot exceed the total of any cumulative unrecognised net actuarial losses and past service costs, and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Benefit plans that provide long-term service benefits, but that are not pension plans, are measured at present value using the projected unit credit method.

Fortis Bank’s contributions to defined contribution pension plans are charged to the income statement in the year to which they relate.

Other post-retirement liabilities

Some of the Fortis Bank companies provide post-retirement employee benefits to retirees such as preferential interest rate loans and health care insurance. Entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. Expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit pension plans. These liabilities are determined based on actuarial calculations.

Equity options and equity participation plans

Share options and restricted shares are granted to directors and to employees for services received. The fair value of the services received is determined by reference to the fair value of the share options and restricted shares granted. Compensation expense is measured at grant date based on the fair value of the options and restricted shares and is recognised, either immediately at grant date if there is no vesting period, or over the vesting period of the options and restricted shares.

The fair value of the share options is determined using an option-pricing model that takes into account the share price at the grant date, the exercise price, the expected life of the option, the expected volatility of the underlying share and the expected dividends on it, and the risk-free interest rate over the expected life of the option.

The share options and restricted shares are granted for free by Fortis to directors and employees of Fortis Bank and its subsidiaries. These share-based payment transactions are considered as equity-settled. Fortis Bank and its subsidiaries have no further commitment other than the payment of the fair value of the equity instruments to Fortis at grant date, and the recognition of the related staff expenses, either immediately at grant date if there is no vesting period, or on a prorata basis over the vesting period.

Loans granted at preferential rates

Loans are sometimes provided to employees at an interest rate which is lower than the market rate. The terms of the loans granted at preferential rates state that employees lose the benefit of receiving a preferential rate upon termination of employment, at which time the interest rate on the loan is adjusted to the current market rate. However, some Fortis Bank entities allow their employees to keep the preferential rate subsequent to retirement.

For the first category, the difference between the net present value of the loans at preferential rate and the net present value at the prevailing market rate is recognised in the balance sheet as a deferred compensation expense and recorded under operating and administrative expenses over the period that the employee obtains the benefit. Likewise, interest income is corrected to show the loans at market rate.

When loans continue after retirement and the former employees continue to benefit from preferential rates due to their past service at Fortis Bank, this benefit is taken into account in determining post-retirement benefits other than pensions.

Employee entitlements

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

1.26 Provisions, contingencies, commitments and financial guarantees

Provisions

Provisions are liabilities involving uncertainties in the amount or timing of payments. Provisions are recognised if there is a present obligation to transfer economic benefits, such as cash flows, as a result of past events and if a reliable estimate can be made at the balance sheet date. Provisions are established for certain guarantee contracts for which Fortis Bank is responsible to pay upon default of payment. Provisions are estimated based on all relevant factors and information existing at the balance sheet date, and are typically discounted at the risk-free rate.

Contingencies

Contingencies are those uncertainties where an amount cannot be reasonably estimated or when it is not probable that payment will be required to settle the obligation.

Commitments

Loan commitments that allow for draw down of a loan within the timeframe generally established by regulation or convention in the market place are not recognised as derivative financial instruments. Loan commitments that are designated as at fair value through profit or loss or where Fortis Bank has a past practice of selling the assets resulting from its loan commitments are recognised on the balance sheet at fair value with the resulting change recognised in the income statement.
Acceptances comprise undertakings by Fortis Bank to pay bills of exchange drawn on customers. Fortis Bank expects most acceptances to be settled simultaneously with the reimbursement from customers. Acceptances are not recognised in the balance sheet and are disclosed as commitments.

Financial guarantees

Financial guarantee contracts that require payments to be made in response to changes in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables, and non-financial variables which are not specific to a party to the contract, are accounted for as derivatives.

Financial guarantee contracts requiring Fortis Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are accounted for as insurance contracts if significant insurance risk is transferred to Fortis Bank.

1.27 Equity

Share capital

Share issue costs
Incremental costs directly attributable to the issue of new shares or share options, other than on a business combination, are deducted from equity net of any related income taxes.

Other equity components

Other elements recorded in equity are related to:
- direct equity movements associates (see section 1.5 Consolidation principles) ;
- foreign currency (see section 1.6 Foreign currency) ;
- available-for-sale investments (see section 1.16 Investments) ; or
- cash flow hedges (see section 1.22 Derivative financial instruments and hedging).

1.28 Interest income and expense

Interest income and interest expense are recognised in the income statement for all interest-bearing instruments (whether classified as held to maturity, available for sale, held at fair value through profit or loss or derivatives) on an accrual basis using the effective interest method based on the actual purchase price including direct transaction costs. Interest income includes coupons earned on fixed and floating rate income instruments and the accretion or amortisation of the discount or premium.

Once a financial asset has been written down to its estimated recoverable amount, interest income is thereafter recognised based on the effective interest rate that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

1.29 Realised and unrealised gains and losses

For financial instruments classified as available for sale, realised gains or losses on sales and divestments represent the difference between the proceeds received and the initial book value of the asset or liability sold, minus any impairment losses recognised in the income statement after adjusting for the impact of any fair value hedge accounting adjustments. Realised gains and losses on sales are included in the income statement in the caption ‘Realised capital gains (losses) on investments’.

For financial instruments carried at fair value through profit or loss, the difference between the carrying value at the end of the current reporting period and the previous reporting period is included in ‘Other realised and unrealised gains and losses’.

For derivatives, the difference between the carrying clean fair value (i.e. excluding the unrealised portion of the interest accruals) at the end of the current reporting period and the previous reporting period is included in ‘Other realised and unrealised gains and losses’.

Previously recognised unrealised gains and losses recorded directly into equity are transferred to the income statement upon derecognition or upon the financial asset becoming impaired.

1.30 Fee and commission income

Fees as integral part of effective interest rate

Fees that are an integral part of the effective interest rate of a financial instrument are generally treated as an adjustment to the effective interest rate. This is the case for origination fees, received as compensation for activities such as evaluating the borrower's financial condition, evaluating and recording guarantees, etc., and also for origination fees received on issuing financial liabilities measured at amortised cost. Both types of fees are deferred and recognised as an adjustment to the effective interest rate. However, when the financial instrument is measured at fair value through profit or loss, the fees are recognised as revenue when the instrument is initially recognised.

Fees recognised as services are provided

Fees are generally recognised as revenue as the services are provided. If it is unlikely that a specific lending arrangement will be entered into and the loan commitment is not considered a derivative, the commitment fee is recognised as revenue on a time proportion basis over the commitment period.

Fees recognised upon completion of the underlying transaction

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, are recognised upon completion of the underlying transaction. Commission revenue is recognised when the performance obligation is complete.

Loan syndication fees are recognised as revenue when the syndication has been completed.

1.31 Transaction costs

Transaction costs are included in the initial measurement of financial assets and liabilities other than those measured at fair value through profit or loss. Transaction costs refer to incremental costs directly attributable to the acquisition or disposal of a financial asset or liability. They include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

1.32 Borrowing costs

Borrowing costs are generally expensed as incurred. Borrowing costs that are directly attributable to the acquisition or construction of an asset are capitalised while the asset is being constructed as part of the cost of that asset. Capitalisation of borrowing costs should commence when:

- expenditures for the asset and borrowing costs are being incurred ; and
- activities necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation ceases when the asset is substantially ready for its intended use or sale. If active development is interrupted for an extended period, capitalisation is suspended. Where construction occurs piecemeal and use of each part is possible as construction continues, capitalisation for each part ceases upon substantial completion of that part.

For borrowing associated with a specific asset, the actual rate on that borrowing is used. Otherwise, a weighted average cost of borrowings is used.

1.33 Income tax expenses

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carryforward of unused tax losses and of unused tax credits.

Income tax payable on profits is recognised as an expense based on the applicable tax laws in each jurisdiction in the period in which profits arise. The tax effects of income tax losses available for carry-forward are recognised as a deferred tax asset if it is probable that future taxable profit will be available against which those losses can be utilised.

Deferred tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements.

The rates enacted or substantively enacted at the balance sheet date are used to determine deferred taxes.

Deferred tax assets are recognised to the extent that it is probable that sufficient future taxable profit will be available to allow the benefit of part or the entire deferred tax asset to be utilised.

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates, and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Current and deferred tax related to fair value re-measurement of available-for-sale investments and cash flow hedges which are charged or credited directly to equity is also credited or charged directly to equity and is subsequently recognised in the income statement together with the deferred gain or loss.

2 Acquisitions and disposals

The following major acquisitions and disposals were made in 2008 and 2007.

2.1 Acquisition of ABN AMRO Asset Management Holding

On 31 January 2008, Fortis Bank received permission from the Dutch Central Bank (DNB) concerning the proposed demerger from ABN AMRO of ABN AMRO Asset Management Holding (AAAMH) including all its subsidiaries. On 1 April 2008, this demerger became effective and subsequently the core activities of AAAMH were merged with Fortis Investments, the asset manager of Fortis Bank.

Out of the acquired AAAMH activities, Fortis Bank considered six entities as non-core: Artemis[1], Montag & Caldwell (M&C), Veredus AM, River Road AM, International Asset Management Limited (IAM) and Teda. Fortis Bank has sold IAM on 9 July 2008 to the management team of IAM, supported by certain third party investors. River Road AM was sold on 6 November 2008 and Veredus AM on 3 December 2008. The remaining entities (Artemis, M&C and Teda) are reported by Fortis Bank as assets held for sale in the segment Asset Management.

The impact of the acquisition on Fortis Bank's consolidated balance sheet was at acquisition date as follows:

Assets		Liabilities	
Cash and cash equivalents	498	Due to banks	867
Due from banks	1	Due to customers	1
Due from customers	11	Restructuring staff provision	74
Investments	391	Accrued interest and other liabilities	424
Property, plant and equipment	3		
Goodwill and other intangible assets	2,670	**Total liabilities**	**1,366**
Accrued interest and other assets	237	Cost price	4,105
Assets classified as held for sale	1,668	Minority interests in equity acquired	8
Total assets	**5,479**	**Total liabilities and cost price**	**5,479**

The acquisition price of AAAMH was EUR 4,105 million (of which EUR 1,668 million related to non-core entities sold or held for sale). The goodwill was EUR 3,358 million of which EUR 1,202 million related to non-core entities classified as assets held for sale and EUR 2,156 million were recorded under 'Goodwill and other intangible assets'. Given the on-going integration, it was unpracticable to determine the amount of the acquiree's profit or loss since the acquisition date.

Due to severe market conditions and the loss of the Dutch distribution channels resulting from the separation from FBN(H) the goodwill was restated and partially impaired according to IFRS rules .Goodwill impairments are disclosed in note 21.

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1 The equity interest of AAAMH in Artemis was initially of 67.1%. On 30 September 2008, Fortis Bank has increased its interest to a sole shareholding position.

2.2 Other Acquisitions

No other major acquisitions were made in 2008. The acquisitions that took place in 2007 were:

Acquired company	*Quarter of acquisition*	*Acquisition amount*	*Percentage acquired*	*Capitalised intangible assets*	*Goodwill*	*Segment*
Dominet SA	Q1 2007	240	100	6	221	Retail Banking
Captive Finance Limited	Q2 2007	31	100	0	17	Merchant Banking

The amounts of the capitalised intangible assets and the goodwill presented above are the initial amounts, converted to euro and taking into account changes that were necessary because the accounting for a business combination was only determined provisionally by the end of the period in which the combination was effected. Subsequent changes due to net exchange differences and other changes are excluded. These acquisitions did not have a substantial impact on Fortis Bank's financial position and performance.

Detailed information on the acquisition of Dominet is provided in the Fortis Bank Consolidated Financial Statements 2007.

2.3 Disposals

The major disposal in 2008 was related to the sale of Fortis Bank Nederland (Holding) – FBN(H) – and all its subsidiaries and participations. This disposal also included the investment in RFS Holdings B.V., the company through which the acquisition of the ABN AMRO related activities was accomplished.

Detailed information on this disposal is provided in note 3 'Assets classified as held for sale and discontinued operations'.

2.4 Assets and liabilities of acquisitions and disposals

The table below provides details on the assets and liabilities resulting from the acquisitions or disposals of subsidiaries, associates and joint ventures at the date of acquisition or disposal.

	2008		2007	
	Acquisitions	*Disposals*	*Acquisitions*	*Disposals*
Assets and liabilities of acquisitions and disposals				
Cash and cash equivalents	501	(10,398)	13	(35)
Assets held for trading		(29,994)		
Due from banks	1	(25,539)	26	
Due from customers	31	(142,295)	291	
Investments	411	(31,131)	23,898	
Other receivables	66	(2,899)	35	
Property, plant and equipment	3	(388)	22	(1)
Goodwill and other intangible assets	2,670	(161)	277	(14)
Non-current assets and disposals groups classified as held for sale	1,685	(258)		
Accrued interest and other assets	162	(7,361)	31	12
Total assets	**5,530**	**(250,424)**	**24,593**	**(38)**
Liabilities held for trading	23	(51,142)		
Due to banks	888	(11,371)	118	(25)
Due to customers	1	(46,519)	260	
Debt certificates		(19,204)	8	
Subordinated liabilities		(3,333)	8	
Other borrowings	1	(286)		
Provisions	83	(56)		
Current and deferred tax liabilities	241	(659)	1	(1)
Accrued interest and other liabilities	150	(95,178)	58	(13)
Total liabilities	**1,387**	**(227,748)**	**453**	**(39)**
Minority interests	8	(213)		4
Net assets acquired / Net assets divested	**4,135**	**(22,463)**	**24,140**	**(3)**
Negative goodwill			6	6
Total gain (loss) on disposal, gross		(9,092)		
Taxes on gain on disposal				
Total gain (loss) on disposal net of taxes		(9,092)		
Cash used for acquisitions / received from disposals:				
Total purchase consideration / Proceeds from sale	(4,135)	13,371	(24,146)	(3)
Less: Cash and cash equivalents acquired / divested	501	(10,398)	13	(35)
Less: Non-cash consideration				
Cash used for acquisitions / received for disposals	**(3,634)**	**2,973**	**(24,133)**	**(38)**

3 Assets classified as held for sale and discontinued operations

3.1 Outstanding at 31 December 2008

Fortis Bank held various assets as at 31 December 2008 that were in principle held for sale rather than for continuing use. These assets are classified in the balance sheet as assets held for sale and liabilities related to assets classified as held for sale. The composition of assets classified as held for sale and liabilities related to assets classified as held for sale as at 31 December 2008 is shown below.

	Total Assets	*Total Liabilities*
Non-core Asset Management entities	727	101
Other	11	4
Total Assets classified as held for sale and Liabilities related to assets classified as held for sale	**738**	**105**

Non-core Asset Management entities consist of entities formerly acquired from ABN AMRO Asset Management and considered by Fortis Bank to be divested. These comprise the following entities: Artemis, Montag & Caldwell (M&C), Veredus AM (sold in December 2008), River Road AM (sold in November 2008), International Asset Management Limited – IAM – (sold in July 2008) and Teda (an agreement to sell was signed in August 2008 and parties are waiting for regulatory approvals before effectively closing the sale). Entities not yet sold and still shown on the balance sheet of Fortis Bank as at 31 December 2008 under the heading Assets and Liabilities classified as held for sale are Artemis, M&C and Teda.

3.2 Net result on discontinued operations

The result related to assets classified as held for sale and liabilities related to assets classified as held for sale is reported in the income statement under discontinued operations. Results of disposals that have occurred during the year are also reported in the income statement under total net result of discontinued operations. The total net result of discontinued operations is detailed as follows:

	2008	*2007*
Non-core Asset Management entities	(736)	
Fortis Bank Nederland (Holding)	(8,391)	1,267
Total net result on discontinued operations	**(9,127)**	**1,267**

The results of the non-core asset management entities include the operating results of the entities since the acquisition in the second quarter of 2008, impairments incurred over the year and the results of divested entities.

3.3 Disposal of Fortis Bank Nederland (Holding)

On 3 October 2008, the Dutch banking and insurance activities were sold to the Dutch State by the relevant entities of the former Fortis Group, by way of a sale for cash of all of the shares in Fortis Bank Nederland (Holding), Fortis Verzekeringen Nederland and Fortis Corporate Insurance. Since RFS Holding B.V. was a subsidiary of Fortis Bank Nederland (Holding), this transaction also involved the sale of Fortis Bank's stake in the consortium entity that had acquired ABN AMRO Holding. Details of this transaction were laid down in a Term Sheet agreed with the Dutch State on 3 October 2008. Pursuant to this Term Sheet, the Dutch State agreed to pay an overall consideration of EUR 16.8 billion for the shares in the various entities that it would thus acquire.

The allocation of the overall consideration of EUR 16.8 billion agreed between Fortis and the Dutch State in the Term Sheet was as follows: EUR 12.8 billion for the sale by Fortis Bank SA/NV of the Dutch banking activities (sale of the shares in Fortis Bank Nederland (Holding), i.e. including Fortis Bank's stake in ABN AMRO) and EUR 4 billion for the sale of the Dutch insurance activities. Fortis Bank received the EUR 12.8 billion early October 2008.

Fortis Bank reports the result of the disposal of FBN(H), as well as the result of FBN(H) in 2008 (in principle until 3 October 2008) and 2007, under results of discontinued operations.

Fortis Bank could not obtain, or not without undue cost and effort, all the information necessary to determine the post-tax profit or loss of FBN(H) as at 3 October 2008, the date on which Fortis Bank ceased to control FBN(H). In addition, it was not possible to obtain the information to detail the cash flows from discontinued operations in the Consolidated cash flow statement.

There was no audited or by management of FBN(H) formally approved financial information as at 3 October 2008 available to Fortis Bank. Neither was information available to enable an analysis of potential adjusting or non-adjusting events after the reporting period that may have impacted the profit or loss as at 3 October 2008.

The total net loss of EUR 8,391 million on discontinued operations related to FBN(H) is unaffected by the lack of data mentioned above.

4 Shareholders' equity

The following table shows the composition of Shareholders' equity at 31 December 2008.

Share capital	
- Ordinary shares: 483,241,153 shares issued	9,375
Share premium reserve	20,276
Other reserves	8,716
Currency translation reserve	(400)
Net profit attributable to shareholders	(20,556)
Unrealised gains and losses	(5,048)
Shareholders' equity	**12,363**

4.1 Share capital and share premium reserves

As at 31 December 2007, Fortis Bank SA/NV had issued 241,935,663 ordinary shares with total share capital amounting to EUR 4,693,551,861.

On 29 September 2008, Fortis and the Government of Belgium have entered into an agreement, whereby the Belgian Government agreed to invest EUR 4.7 billion in Fortis Bank SA/NV in exchange of a 49.93% share in the common equity of this entity. Following this agreement, Fortis Bank SA/NV issued 241,305,490 new ordinary shares with a price per share of EUR 19.4774 (rounded). EUR 4,681,326,506 is considered share capital while the remaining of EUR 18,673,494 is booked as share premium.

The capital injection of EUR 4.7 billion from the Belgian State to Fortis Bank SA/NV was underwritten and transferred by the Société Fédérale de Participations et d'Investissement / Federale Participatie- en Investeringsmaatschappij – ('SFPI'/ 'FPIM') which is a public limited company with registered office at Avenue Louise/Louizalaan 54, box 1, Brussels.

On 6 October 2008, Fortis announced the sale of the remaining 50% + 1 share of Fortis Bank SA/NV to the Belgian State for a total consideration of EUR 4.7 billion.

As at 31 December 2008, Fortis Bank SA/NV has ordinary shares of 483,241,153 and its share capital has increased to EUR 9,374,878,367. The share capital is owned for 99.93% by the Belgian State while the remaining of 315,086 shares (0.07%) is owned by other shareholders of Fortis Bank SA/NV.

4.2 Other reserves

The other reserves contain the reserves of the parent company and the accumulated undistributed results of the consolidated subsidiaries since their entry into the consolidation scope.

At 16 December 2008, the Luxemburg State has taken a 49.9% stake in Banque Générale de Luxembourg (BGL) resulting in a capital increase in this subsidiary of EUR 2.4 billion. The difference between this capital increase of EUR 2.4 billion and the 49.9% share of BGL's net assets amounts to EUR (0.6) billion and is transferred from Other reserves to Minority Interests.

4.3 Currency translation reserve

The Currency translation reserve is a separate component of Shareholders' equity in which are reported the exchange differences, arising from translation of the results and financial positions of foreign operations that are included in the Fortis Bank Consolidated Financial Statements.

Fortis Bank hedges net investments in foreign operations. The net investment in a foreign operation is Fortis Bank's interest in the net assets of that operation. Exchange differences arising on borrowings and other currency instruments designated as hedging instruments of such investments are also recorded in equity (under the heading 'Currency translation reserve') until the disposal of the net investment, except for any hedge ineffectiveness which will be immediately recognised in the income statement. On disposal of a foreign entity, such exchange differences are recognised in the income statement as part of the gain or loss on the sale.

4.4 Unrealised gains and losses included in Shareholders' equity

The table below shows the breakdown in Unrealised gains and losses included in Shareholders' equity.

	Available for sale investments	*Revaluation of associates*	*Cash flow hedges*	*Total*
31 December 2008				
Gross unrealised gains (losses)	(5,591)	(14)	(1)	(5,606)
Related tax	558			558
Total	**(5,033)**	**(14)**	**(1)**	**(5,048)**
31 December 2007				
Gross unrealised gains (losses)	(955)	(7)	(4)	(966)
Related tax	269			269
Total	**(686)**	**(7)**	**(4)**	**(697)**

Unrealised gains and losses in Available for sale investments are discussed in detail in note 18.2 'Investments available for sale'. Changes in the fair value of derivatives that are designated and qualify as cash flow hedge are recognised as an unrealised gain or loss in Shareholders' equity. Any hedge ineffectiveness is immediately recognised in the income statement.

The table below shows changes in gross Unrealised gains and losses included in Shareholders' equity for 2008 and 2007.

	Available for sale investments	*Revaluation of associates*	*Cash flow hedges*	*Total*
Gross unrealised gains (losses) at 1 January 2008	**(955)**	**(7)**	**(4)**	**(966)**
Gross unrealised gains (losses) of discontinued operations as at 1 January	114	(23)		91
Gross unrealised gains (losses) of continuing operations as at 1 January 2008	**(1,069)**	**16**	**(4)**	**(1,057)**
Changes in unrealised gains (losses) during the year	(4,661)	12		(4,649)
Reversal unrealised gains (losses) because of sales	(32)	(23)	(1)	(56)
Foreign exchange differences	(53)			(53)
Divestments of associates				
Other	224	(19)	4	209
Gross unrealised gains (losses) at 31 December 2008	**(5,591)**	**(14)**	**(1)**	**(5,606)**

	Available for sale investments	*Revaluation of associates*	*Cash flow hedges*	*Total*
Gross unrealised gains (losses) at 1 January 2007	**1,061**	**32**	**1**	**1,094**
Changes in unrealised gains (losses) during the year	(1,707)	(11)	(2)	(1,720)
Reversal unrealised gains (losses) because of sales	(297)	(2)		(299)
Foreign exchange differences	19			19
Divestments of associates				
Other	(31)	(26)	(3)	(60)
Gross unrealised gains (losses) at 31 December 2007	**(955)**	**(7)**	**(4)**	**(966)**

5 Minority interests

The following table provides information about the most significant minority interests in companies of Fortis Bank.

	31 December 2008		31 December 2007	
	% of minority	Carrying amount	% of minority	Carrying amount
Group company				
Fortis Bank AS (Turkey)	5.9%	50	6.0%	59
Moeara Enim			30.0%	136
Banque Générale de Luxembourg S.A.	49.9%	2,713	0.1%	3
Fortis FBN Preferred Investment B.V.			0.1%	210
Other		17		22
Total		**2,780**		**430**

On 29 September 2008, it was announced that the Government of Luxembourg invested EUR 2.5 billion in Fortis Banque Luxembourg, in the form of a mandatory convertible loan. On 15 December 2008, the Luxembourg State has acquired 49.9% of equity through conversion into shares of the major part (EUR 2.4 billion) of the loan it had granted. As Fortis Bank still holds the control of Fortis Banque Luxembourg (of which the name has been changed in *Banque Générale de Luxembourg*), this participation is fully consolidated and the 49.9% share of the State of Luxembourg is considered as a minority interest.

The table below shows the breakdown in unrealised gains and losses included in minority interests.

	Available for sale investments	Revaluation of associates	Cash flow hedges	Total
31 December 2008				
Minority interests	(230)			(230)
Related tax	65			65
Total	**(165)**			**(165)**

There were no unrealised gains and losses in minority interest in 2007.

Unrealised gains and losses in Available for sale investments are discussed in detail in note 18.2 ‘Investments available for sale’.

6 Risk management

6.1 Introduction

Fortis Bank's business activities require a comprehensive and robust risk management framework to ensure risks are identified, measured, decided upon and monitored. Based upon a clear business strategy, including risk appetite, defined by the Executive Board and the Board of Directors, the mission of Risk is to guarantee the continuity of Fortis Bank by assessing, mitigating and monitoring the potential losses that could result among others from clients or counterparties defaults, market prices movements, fraud or internal operational problems. In this respect Risk Management is responsible and accountable for the active management of credit, market, liquidity and operational risks. The Risk Framework required for this mission combines core policies, methods and processes with broad oversight and is supported by risk performance monitoring at group and local business level.

This chapter provides a comprehensive description of the risk management organisation of Fortis Bank in place in 2008, as well as a quantitative and qualitative overview of Fortis Bank's risk exposure at year end 2008.

The reader will first find a short section on the philosophy that governs processes used by the bank to define, validate and monitor main measurements used in the context of risk assessments.

The next section provides an insight on Fortis Bank's Risk Management organisation. It aims, on one side, to show the several structural layers of control and monitoring in place to draw a picture, as precise as possible, of the different levels of risks: at central level, at balance-sheet level (ALM) and within each business line. On the other hand, this second section elaborates on the many committees and platforms in place to improve a coordinated work between the different levels of risk management and the commercial activity of the bank.

The following sections (Financial Risks, Liquidity Risk and Operational Risk) provide a detailed and technical accounting view on the amount of risk the bank had as of end 2008 and compares it to the previous year.

Fortis Bank continuously reviews and upgrades its risk management framework in order to align its strategy, philosophy and organisation with lessons learned and best practices. In this respect, the events of the last quarter 2008 prompted to a review of various aspects of the Fortis Bank Risk Framework.

In particular, a group treasurer was appointed on 16 March 2009. He reports directly to the CEO and is responsible for balance sheet management, including short-term and long-term liquidity management, setting policies and limits, and fund-transfer-price methodology.

Next to that, the risk management governance and organisation is being improved by centralising all risk functions to ensure independent risk oversight.

The risk appetite of the bank is also in the process of being significantly reduced. Several risk positions are being ramped down in a controlled way, e.g. the Structured Credit Portfolio, the market risk exposure and the ALM investment portfolio.

6.2 Risk measurement

Risk Measurement is a crucial step in the risk management process.

For assessing and measuring risks, Fortis Bank uses several qualitative and/or quantitative methodologies.
They range from regular reporting on amongst others concentration and quantitative and qualitative portfolio overviews to more sophisticated quantitative risk models for estimating internal risk parameters, such as Probability of Default, Loss Given Default, Exposure at Default and Expected Loss (for Credit Risk), Value at Risk (for Market Risk), Expected Loss, Earnings at Risk and Capital at Risk (for Operational Risk) and Economic Capital.

The development and review of these models, as well as the model validation, are subject to Bank-wide standards to ensure adequacy and consistency.

The monitoring of the observed risk parameters, stress tests and models based expectations are then compared to a framework of limits and risk guidelines. Given the recent change in the perimeter of Fortis Bank (including the separation from Fortis Bank Nederland (Holding) and from the Fortis Insurances companies) and the financial crisis of hitherto never experienced severity, Fortis Bank is currently redefining its acceptable risk tolerance through a set of newly calibrated metrics, limits and guidelines.

Eventually, all these risk measurements, together with stress tests, are consolidated in Risk Dashboards, providing general oversight for senior management bodies. Those aggregation documents aim to support well-founded decisions and are in ongoing improvement process.

6.3 Risk Management organisation

Fortis Bank's Risk Management organisation is designed to enable the implementation of Fortis Bank's risk strategy.

6.3.1 Risk management and monitoring

Risk management and monitoring are performed throughout Fortis Bank Group by delegated authorities ranging from the local risk management organisation in geographical areas, to the business risk management and to Central Risk Management in close cooperation with Asset & Liability Management.

6.3.1.1 Central Risk Management (CRM)

The Central Risk Management (CRM) department is headed by the Chief Risk Officer. Its primary role is to ensure that the group pursues consistently high standards of risk management, to raise executive management's awareness and understanding of the risks being taken, to encourage optimisation of the risk/return ratio, to measure group-wide economic capital and to validate risk models.

CRM department provides support to the businesses regarding risk issues and supports the work of the various risk committees. It also coordinates the implementation of risk initiatives and risk communication.

6.3.1.2 Asset & Liability Management (ALM)

Asset & Liability Management (ALM) is charged with closely monitoring all ALM risks related to the balance sheet of Fortis Bank Group. ALM performs its duties in accordance with the decisions made by the Bank ALCO and with due observance of the conditions set by Fortis Bank and the Supervisors. ALM defines for its activities the Fortis Bank's risk appetite and manages its risks by setting up risk guidelines and risk levels. It aims to apply the best practices in risk management that have been defined by the regulators and rating agencies.

6.3.1.3 Businesses Risk Management

Each business:

- is responsible for managing its inherent risks within the limits, policies and guidelines set by regulators and Central Risk Management
- has a Business Risk Committee, which supports its management team in ensuring that key risks are well understood and that appropriate risk management procedures are in place
- is responsible for managing its inherent risks and ensuring that it has comprehensive risk management systems in place, which cover the full risk taxonomy.

The double reporting lines between the Business Chief Risk Officer (and the Business Chief Executive Officer) and the Group Chief Risk Officer are designed:

- to reinforce the principles of full transparency on risk-related information (risk quantification, profitability, reserves, limits, capital, methodologies, assumptions, risk management organisation, etc.) between the businesses and CRM and
- to check the compliance with group policies, guidelines and limits, and independence of the risk function in the risk decision and monitoring process.

6.3.1.4 Fortis Bank Audit Services (FAS)

Fortis Bank Audit Services supports the achievement of Fortis Bank's objectives by providing professional and independent assurance. FAS evaluates the effectiveness of governance, risk and control processes and recommends solutions for optimising them.

Fortis Bank Audit Services regularly audits the risk management functions of Fortis Bank at group, business and local levels.

6.3.2 Fortis Bank Risk Committee Structure

6.3.2.1 Board Risk Committees

Fortis Bank Audit Committee (AC)

The role of the AC is to assist the Board in fulfilling its supervision and monitoring responsibilities in respect of internal control in the broadest sense within Fortis Bank, including internal control over financial reporting.

At least once a year the AC, on behalf of the Board of Directors, reviews the quality and effectiveness of procedures and structures under which risks at Fortis Bank are managed, risk-related accounting policies, capital assessment procedures and the performance of the internal control system.

Fortis Bank Risk and Finance Committee (RFC)

During the fourth quarter of 2008, it was decided to establish a Board level RFC. Its composition was agreed during the month of February 2009. The RFC started operating during the first quarter of 2009. The RFC assists the Board in reviewing and upgrading the Fortis Bank's risk management organization. The mission of the newly-formed RFC is to continue the actions of the Risk and Capital Committee that was operational at a Fortis Board-level committee, while also taking to heart lessons learned from the recent past and armouring Fortis Bank for successful business continuity in the future.

6.3.2.2 Corporate Risk Committees

The Fortis Bank Board is supported in its tasks by the following Corporate Risk Committees:

- *Bank Alco* is responsible for the management of liquidity, interest rate, corporate FX risk, investments, long term funding and capital management of the bank.
- *The Central Operational Risk Policy Committee* (OPC) establishes norms, policies and measurement standards in relation to operational risk-linked exposure.
- *The Central Credit Policy Committee* (CPC) approves credit risk policies and processes, decides on concentration limits, signs off on new credit products and monitors credit portfolio quality and credit delegation limits.
- *The Central Credit Committee* (CCC) decides on individual obligor risks, including country and bank limits, and approves transactions above a certain level affecting the balance sheet, within the lending limit of the bank.
- *The Fortis Bank Group Committee on Impairments and Provisions* (FGCIP) supervises worldwide Value Adjustments (VA) on a consolidated basis.

6.3.2.3 Technical Risk Committees & Platforms

The Technical Risk Committees & Platforms consist of the following:

- *The Capital Platform* acts as a discussion forum for group capital related topics. The main purpose of the Capital Platform is information and know-how-sharing on capital related matters as well as ensuring alignment on capital related topics.
- *The Model Acceptance Group* (MAG) takes decisions about technical and methodological issues, assessing regulatory compliance and consistency pertaining to credit risk assessment methodologies and model application.
- *The Operational ALCO Committee* is an implementation committee that takes the appropriate measures required to implement decisions taken by the Bank ALCO.
- *The Merchant Banking-Liquidity Risk Committee* is Fortis Bank’s liquidity risk acceptance committee for the discussion and approval of a.o. liquidity limits, liquidity policies, Contingency Funding Plans and Liquidity Stress Testing.

6.4 Financial Risks

Financial risk encompasses two types of risk: credit risk and market risk.

6.4.1 Credit risk

Credit risk is defined as the risk to earnings or capital arising from an obligor's failure to meet the terms of any contract or to otherwise fail to perform as agreed.

6.4.1.1 Credit Risk Management

All credit risk management within Fortis Bank is governed by one policy, the Fortis Bank Credit Policy. This policy contains a set of principles, rules, guidelines and procedures for identifying, measuring, approving and reporting credit risk within Fortis Bank. The Fortis Bank Credit Policy establishes a consistent framework for all credit risk-generating activities, either through direct lending relationships or through other activities resulting in credit risk such as investment activities. The policy is subdivided into four categories: principles and framework, cross-business policies, business-specific policies and instructions.

The principles and framework section comprises the core values and parameters that define Fortis Bank's risk tolerance and characterise its credit culture. These are universal and unchanging, with the exception of the Credit Risk Strategy (embedded in the Credit Risk Charter), which is subject to change in response to market developments and business strategy. Cross-business policies, business-specific policies and instructions are dynamic, i.e. they are subject to amendment or review based on changing circumstances and accumulated experience.

Cross-business policies describe the framework according to which a specific product or credit activity must be organised across more than one business or within Fortis Bank as a whole.

Business-specific policies provide specific guidance on all aspects of a specific product or credit activity restricted to one business. They are formulated and developed within the business to ensure applicability and ownership. Instructions give detailed information on processes related to credit activities.

6.4.1.2 The credit lifecycle

The basis for effective credit risk management is the identification of existing and potential credit risk inherent in any product or activity. This process includes the gathering of all relevant information concerning the products offered, the counterparties involved and all other elements that may influence the credit risk.

Assessing the credit risk of a proposed agreement consists of:

- analysis of the probability that the counterparty will fail to meet its obligations, including the risk classification on the Fortis Bank Master scale
- analysis of the possibilities of fulfilling the counterparty's obligations by other means in the event that the counterparty fails to meet its obligations by itself
- formulation of an independent and substantiated opinion.

Counterparty acceptance criteria are the conditions that Fortis Bank applies to the acceptance of credit customers. These conditions reflect the general acceptable credit risk profile that Fortis Bank has defined. Fortis Bank operates in accordance with sound, well-defined credit-granting criteria in order to protect its reputation and ensure its sustainability. Fortis Bank does not wish to be associated with dubious counterparties or credit facilities. The counterparty acceptance criteria include a clear indication of the bank's target market and a thorough understanding of the borrower or counterparty, as well as of the purpose and structure of the credit and the source of its repayment. Core credit risk parameters included in the estimation of expected loss, unexpected loss, and economic capital are probability of default (PD), loss given default (LGD), and exposure at default (EAD).

Authorised persons or committees make a credit decision, informed by the opinion of a credit analyst. Delegation of credit authority is the partial transfer of the central credit decision-making authority to the appropriate management levels of credit risk management and the businesses. The delegation rules define the decision-making process regarding the acceptance and management of counterparty risk. The underlying principle in the rules is the need to achieve an appropriate balance (in terms of overall profitability) between two opposite drivers, i.e. maximising the decision-making autonomy of the businesses on the one hand and reducing unexpected counterparty risk on the other.

Monitoring of credit risk is the permanent and automatic control of credit exposures and events with the primary purpose of early detection and reporting of potential credit problems. Surveillance consists of daily monitoring of all individual credit risks. Comprehensive procedures and information systems monitor the condition of individual credits and single counterparties across the various portfolios. These procedures define criteria for identifying and reporting potential credit problems in order to ensure that they are subject to proper monitoring, possible corrective action and classification.

Impaired credits are transferred to the so-called 'Intensive Care' or 'Recovery'. Intensive Care develops strategies to rehabilitate an impaired credit or to increase the final repayment. It also provides assistance to the businesses in dealing with non-impaired problem loans. The Intensive Care function is segregated from the area that originated the credit. In the event that a counterparty fails to meet its obligations and is considered to be unable to meet them in the future, all other means must be applied in order to fulfil this counterparty's obligations towards Fortis Bank, such as selling or realising receivables, collateral or guarantees.

6.4.1.3 Credit risk exposure

Fortis Bank's overall credit risk exposure (before collateral held and other credit enhancements) is measured and presented as the principal amount of on-balance-sheet claims or off-balance-sheet potential claims on customers and counterparties, as at 31 December. Credit risk exposure is presented based on the classification in the balance sheet, as this most accurately reflects the nature and characteristics of the exposure. Total credit risk exposure of Fortis Bank at 31 December are as follows:

	2008	*2007*
Cash and cash equivalents (see note 14)	22,647	27,003
Impairments	(3)	(1)
Total net Cash and cash equivalents (see note 14)	**22,644**	**27,002**
Assets held for trading		
Debt securities and treasury bills	10,676	22,011
Derivative financial instruments	72,135	28,926
Total net Assets held for trading (see note 15)	**82,811**	**50,937**
Due from banks		
Interest bearing deposits	17,968	8,041
Loans and advances	8,566	8,460
Reverse repurchase agreements	14,895	65,858
Securities borrowing transactions	2,271	27,404
Other	3,642	8,600
Total Due from banks (see note 16)	47,342	118,363
Impairments	(299)	(17)
Total net Due from banks (see note 16)	**47,043**	**118,346**
Due from customers		
Government and official institutions	4,155	5,343
Residential mortgages	34,006	95,445
Consumer loans	7,057	9,774
Commercial loans	114,872	138,696
Reverse repurchase agreements	36,274	28,186
Securities borrowing transactions	6,576	24,279
Other	15,079	15,581
Total Due from customers (see note 17)	218,019	317,304
Impairments	(2,389)	(2,002)
Total net Due from customers (see note 17)	**215,630**	**315,302**
Interest bearing investments		
Treasury bills	372	265
Government bonds	55,315	45,084
Corporate debt securities	19,720	25,924
Structured credit instruments	38,837	36,152
Total interest bearing investments (see note 18)	114,244	107,425
Impairments	(8,639)	(2,435)
Total net Interest bearing investments (see note 18)	**105,605**	**104,990**
Other receivables (see note 19)	5,698	6,555
Impairments	(18)	(9)
Total net Other receivables (see note 19)	**5,680**	**6,546**
Total on balance credit risk exposure	490,761	627,587
Impairments	(11,348)	(4,464)
Total net on balance credit risk exposure	**479,413**	**623,123**
Off balance credit commitments exposure gross (see note 46)	94,733	159,107
Impairments	(773)	(447)
Off balance credit commitments exposure net (see note 46)	**93,960**	**158,660**
Total credit risk exposure gross	585,494	786,694
Impairments	(12,121)	(4,912)
Total credit risk exposure net	**573,373**	**781,783**

The sale in October 2008 of the Dutch banking operations of Fortis Bank to the Dutch state has resulted in an important downsizing of the credit portfolio of Fortis Bank. The customer loan portfolio has been much impacted as it shrunk by almost one third over the year. However, when considering the current scope of Fortis Bank only and disregarding the exposure to Fortis Bank Nederland (Holding), the customer loan portfolio still increased over the same period by 13%. This evolution was mainly driven by commercial loans (up by 16%) and residential mortgage loans (up by 10%). The overall exposure to banks has also slimmed down (by 60%) but, however, not as much by the parting of Fortis Bank Nederland (Holding) as by the resizing of Fortis Bank's interbank funding activities with a noticeable drop in reverse repurchase agreements by EUR 51 billion. Trading assets show an opposite evolution mainly due to the positive fair valuation of outstanding interest rate derivatives which resulted from the sharp downward movement of interest rates over the year. A similar growth can be seen on the liability side mainly by the negative fair valuation of balancing positions. The EUR 10 billion additional exposure in government bonds arose from the agreed execution – in the context of the sale of Fortis Bank Nederland (Holding) to the Dutch state – of a swap of a Euro loan to Fortis Bank Nederland (Holding) into Dutch Treasury bonds. The evolution of credit commitments has mainly resulted from the withdrawing of Fortis Bank Nederland (Holding) substantial undrawn credit lines. The market events of the recent months have also affected the Structured credit instruments portfolio as detailed in the notes 6.4.1.10 and 18.4.

Scaldis is a conduit that purchases eligible fixed-income assets from investment grade, non-investment grade and unrated issuers and is fully consolidated in Fortis Bank. The asset pools contain continuous financing of third party clients' assets such as consumer and car loans, trade receivables, mortgages and lease receivables. The asset pools of Scaldis (2008: EUR 4,141 million; 2007: EUR 6,169 million) are not included in this credit risk overview nor in any subsequent tables of the credit risk section because they are reported as Other Assets (see note 22). Scaldis' eligible asset purchases are structured to justify an A-1/F1+/P1 rating level, using rating agency-accepted criteria and methodologies. To accomplish this, Scaldis is supported by two layers of credit support to absorb losses: transaction-specific and program-wide credit enhancement.

Any residual credit risk on the assets is borne by investors of Scaldis' commercial paper. For a limited portion of the assets, Fortis Bank assumes the residual credit risk on behalf of Scaldis investors by providing fully supporting liquidity facilities to Scaldis. These fully supporting liquidity facilities cover any loss on the assets after all other credit enhancement available for the asset is utilised.

As of 31 December 2008, Fortis Bank provided fully supporting liquidity facilities that covered 15.75% (EUR 1.997 million) of the residual credit risk as a percentage of the aggregate face amount of the outstanding commercial paper issues.

6.4.1.4 Credit Risk netting arrangements

Financial assets and liabilities are offset and the net amount is reported on the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. However, Fortis Bank may also enter into netting arrangements that do not meet the criteria for offsetting under IFRS.

The table below provides information on the existence of such non-qualifying rights at year-end as well as on non-qualifying master netting agreements that serve to mitigate the exposure to credit loss. The financial assets reported below are those that are subject to a legal right of set-off against financial liabilities when such assets are not reported in the balance sheet on a net basis.

	2008	*2007*
Due from customers	5,587	12,376
Other assets	34	4
Total credit exposure subject to a legally enforceable right of set-off	**5,621**	**12,380**
Credit exposure reduced by virtue of a master netting arrangement	**18,632**	**24,179**

6.4.1.5 Credit Risk Concentration

Credit Risk Concentration is any exposure to a counterparty or an aggregate of exposures to a number of positively correlated counterparties (i.e. tendency to default under similar circumstances) with the potential to produce a significant amount of capital loss due to a bankruptcy or failure to pay. Avoidance of concentrations is therefore fundamental to Fortis Bank's credit risk strategy of maintaining granular, liquid and diversified portfolios.

To avoid a casual credit risk concentration, Fortis Bank applies the concept of *'total one obligor'*. This implies that groups of connected counterparties are considered to be a single counterparty in the management of credit risk exposure. To manage the concentration of credit risk, Fortis Bank's credit risk management policy aims to spread the credit risk across different sectors and countries. The table below shows Fortis Bank's industry concentration of the customer credit portfolio at 31 December.

	2008		2007	
	Carrying amount Due from customers	*Total %*	*Carrying amount Due from customers*	*Total %*
Industry sector				
Agriculture, forestry and fishing	1,463	0.68%	1,926	0.61%
Oil and gas	4,568	2.12%	4,910	1.56%
Basic metals	3,189	1.48%	4,441	1.41%
Raw & intermediate materials	609	0.28%	971	0.31%
Consumer goods	7,439	3.45%	8,185	2.60%
Wood, pulp and paper products	1,010	0.47%	1,137	0.36%
Technology, media and telecom	2,714	1.26%	3,138	1.00%
Electricity, gas and water	5,849	2.72%	7,499	2.38%
Chemicals, rubber and plastic products	3,661	1.70%	6,161	1.95%
Construction and engineering	7,364	3.42%	6,735	2.14%
Machinery and equipment	3,931	1.82%	5,197	1.65%
Automotive	3,821	1.77%	3,890	1.23%
Transportation equipment	778	0.36%	966	0.31%
Trade, transport and commodity finance	13,726	6.37%	14,397	4.57%
Retail	3,601	1.67%	3,720	1.18%
Real estate	15,682	7.28%	20,983	6.65%
Financial services	64,263	29.73%	74,672	23.68%
Holdings & other services	17,779	8.25%	23,484	7.45%
Public & social services	12,289	5.70%	14,339	4.55%
Private persons	38,910	18.06%	104,179	33.04%
Non-classified	2,984	1.39%	4,372	1.39%
Total Due from customers net	**215,630**	**100%**	**315,302**	**100%**
Impairments	(2,389)		(2,002)	
Total Due from customers gross	**218,019**		**317,304**	

As in 2007, Fortis Bank’s most significant concentrations in the exposure to customers can be noted in the sectors ‘Financial services’ and ‘Private persons’, representing respectively 29.7% and 18.1% of the total customer loans. The first category consists mainly of non-banking financial institutions including investment and insurance companies. ‘Private persons’ consists of residential mortgage loans (84%) and consumer loans (16%). The sale of Fortis Bank Nederland (Holding) has impacted all sectors but most noticeably the aforementioned ones: ‘Private persons’ (down by 63%) and ‘Financial services’ (down by 14%). When excluding the impact of Fortis Bank Nederland (Holding), increases are noted in almost all sectors with the exception of ‘Chemicals’ (down by 25%) and ‘Holdings and other services’ (down by 5%); growth is found mostly in ‘Agriculture’, Trade and transportation’, ‘Oil & gas’ and in ‘Public’.

The table below provides information on the concentration of on-balance credit risk by location of Fortis Bank entities as at 31 December.

	2008		2007	
	Credit risk exposure on balance	*Percentage*	*Credit risk exposure on balance*	*Percentage*
Location of the Fortis Bank entity				
Benelux	368,857	75.2%	486,334	77.5%
Other European countries	73,441	15.0%	75,362	12.0%
North America	36,981	7.5%	50,205	8.0%
Asia	11,398	2.3%	14,610	2.3%
Other	84	0.0%	1,076	0.2%
Total on balance	**490,761**	**100.0%**	**627,587**	**100.0%**

As a matter of fact, the impact of the separation of Fortis Bank Nederland (Holding) mainly affected the Dutch based operations, but it concerned also entities located outside the Benelux (mainly in Europe).

The table below provides information on the concentration of on-balance credit risk by location of customer as at 31 December.

	2008		2007	
	Credit risk exposure on balance	*Percentage*	*Credit risk exposure on balance*	*Percentage*
Location of the client				
Benelux	159,514	32.5%	240,154	38.3%
Other European countries	232,017	47.3%	259,235	41.3%
North America	76,718	15.6%	95,329	15.2%
Asia	15,448	3.1%	19,650	3.1%
Other	7,064	1.5%	13,219	2.1%
Total on balance	**490,761**	**100.0%**	**627,587**	**100.0%**

The activities of Fortis Bank Nederland (Holding) were relatively more concentrated on clients located in the Benelux compared with other Fortis Bank entities. When excluding Fortis Bank Nederland (Holding), the growth in the customer loan portfolio was mainly noted in the Benelux, France and Germany. On the other hand, loans to banks decreased significantly in the UK, the US and Norway. Exposure to countries in the sub-investment grade category (rated 6 or higher on the Fortis Master Scale model) represents only 1.9% of the total exposure.

The following table presents the concentration of on-balance credit risk by location and type of counterparty. Government and Official Institutions include mandatory reserve deposits with central banks (EUR 3 billion). Credit Institutions comprise exposure to banks reported in 'Due from banks', 'Cash & cash equivalents' and 'Debt securities'. Assets held for trading are reported in the column 'Other'.

	Government and official institutions	*Credit institutions*	*Corporate customers*	*Retail customers*	*Other*	*Total*
31 December 2008						
On balance						
Benelux	28,338	12,191	70,535	34,343	14,107	159,514
Other European countries	33,656	48,233	91,640	6,681	51,807	232,017
North America	1,486	11,521	41,750	47	21,914	76,718
Asia	312	6,515	6,950	174	1,497	15,448
Other	295	1,099	5,197	116	357	7,064
Total on balance	**64,087**	**79,559**	**216,072**	**41,361**	**89,682**	**490,761**

	Government and official institutions	*Credit institutions*	*Corporate customers*	*Retail customers*	*Other*	*Total*
31 December 2007						
On balance						
Benelux	25,049	9,882	92,334	97,202	15,687	240,154
Other European countries	32,503	106,141	87,486	6,189	26,916	259,235
North America	493	24,785	57,244	60	12,747	95,329
Asia	228	9,574	7,615	242	1,991	19,650
Other	1,983	2,768	7,050	140	1,278	13,219
Total on balance	**60,256**	**153,150**	**251,729**	**103,833**	**58,619**	**627,587**

The increase in the category 'Other' relates to the higher exposure in assets held for trading. Corporate loans to Benelux and to other European customers were both the largest concentrations representing together 33% of the overall on-balance credit exposure. Retail customers in the Benelux dropped by 65% as a result of the exit of the residential mortgage loan portfolio of Fortis Bank Nederland (Holding) and despite a 8.8% growth in these assets towards Belgian counterparties. The exposure to governments and official institutions in Europe and the US showed a relative increase representing 13% of total on-balance exposure at December 2008 against 9% at year-end 2007.

6.4.1.6 Country Risk

Country risk is defined as the risk that a counterparty is unable to honour its credit obligations due to political, social, economic or other events in that country. The emerging countries' risk profile is regularly assessed based on an evaluation of the political, economic and transfer and convertibility risks. This assessment is used to set country ratings.

In view of managing its exposure to country risk, Fortis Bank has established a set of maximum country risk levels for all emerging countries according to the country ratings and Fortis Bank's risk appetite. Exposures to individual emerging countries and cross-border exposure in aggregate are kept under continual review. Allocation to the country limits is based on the country of residence of the borrower, the nature of the transaction and the existence of guarantees or collaterals that allow the transfer of country risk.

6.4.1.7 Credit Risk rating

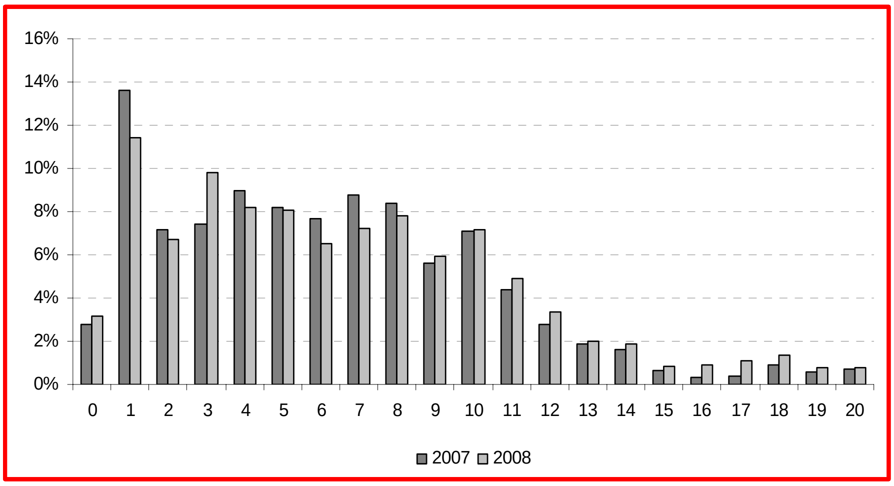
Credit Risk rating is a classification that results from the Risk Rating Assignment Process, which is based on a qualified assessment and formal evaluation. This classification is the result of:

- an analysis of each obligor's financial history and estimation of its ability to meet debt obligations in the future
- the quality and safety of an asset, based on the issuer's financial condition indicating the likelihood that a debt issuer will be able to meet scheduled interest and principal repayments.

The ultimate goal of the process is to calculate the Expected Loss within one year for every given borrower or asset.

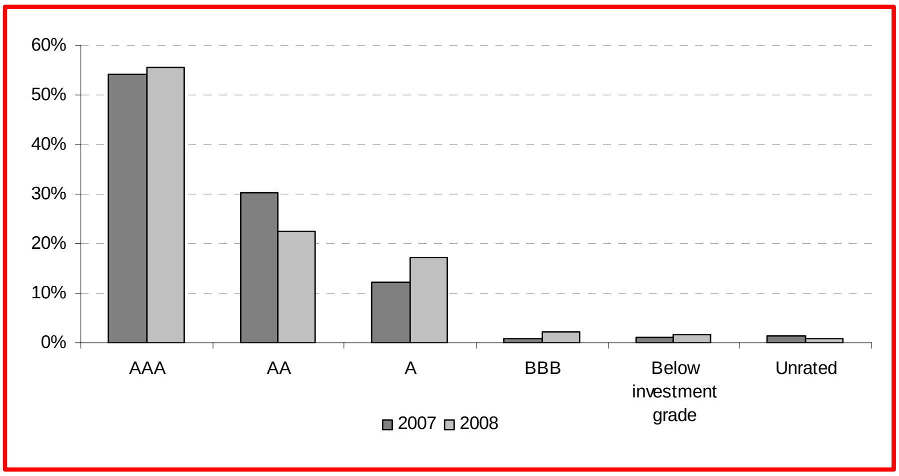
Fortis Bank has therefore drawn up a 'Master Scale', which ranges from 0 to 20 and gives an indication of the probability that a counterparty will default within one year. Master Scale ratings from 0 to 5 are considered investment grade, from 6 to 17 sub-investment grade and from 18 to 20 impaired loans.

The table below provides information on the quality of individually rated loans and off-balance-sheet credit commitments to customers (reverse repurchase agreements and securities borrowing transactions not included) according to the Fortis Bank Master Scale model.



The investment grade category (ratings 0 – 5) represents 47% of the loan and commitment portfolio in scope (2007: 48%), the sub-investment grade category (ratings 6 – 17) stands for 50% while the impaired loans (ratings 18 – 20) amount to 2.9%.

The table below outlines the credit quality by investment grade of Fortis Bank's debt securities, excluding Debt securities included in Assets held for trading, as at 31 December 2008 based on external ratings.



The credit quality of Fortis Bank's debt securities (excluding Debt securities included in Assets held for trading) in amounts by investment grade is as follows:

	2008		*2007*	
	Carrying value	*Percentage*	*Carrying value*	*Percentage*
Investment grade				
AAA	58,122	55.0%	56,935	54.2%
AA	23,711	22.5%	31,724	30.2%
A	18,088	17.1%	12,812	12.2%
BBB	1,940	1.8%	742	0.7%
Investment grade	101,861	96.4%	102,213	97.3%
Below investment grade	2,805	2.7%	1,211	1.2%
Unrated	939	0.9%	1,566	1.5%
Total investments in interest bearing securities net	105,605	100.0%	104,990	100.0%
Impairments	8,639		2,435	
Total investments in interest bearing securities gross	**114,244**		**107,425**	

6.4.1.8 Credit Risk mitigation

Risk mitigation is the result of reducing the credit risk by hedging or by obtaining collateral. Hedging is any financial technique designed to reduce or eliminate the financial risk engendered by products and/or activities. Security (collateral) is any commitment made or privilege given by a counterparty or third party to which Fortis Bank can seek recourse in the event of the counterparty's default in order to reduce loan losses, or any other agreement or arrangement having a similar effect. The lending activity is never purely based on collateral or hedging. The risk mitigation factors are always regarded as a second way out.

Collateral and guarantees received as security for financial assets and commitments are as follows:

		Collateral received				
	Carrying amount	Financial instruments	Property, plant and equipment	Other collateral and guarantees	Collateral amounts in excess of credit exposure [1]	Unsecured exposure
2008						
Cash and cash equivalents	22,644	10,110				12,534
Interest bearing investments	105,605	1,162				104,443
Due from banks	47,043	16,452		1,069	238	29,760
Due from customers						
Government and official institutions	4,154		2	1,029	222	3,345
Residential mortgage	33,946	400	37,281	779	7,934	3,420
Consumer loans	6,754	593	1,234	334	1,041	5,634
Commercial loans	113,022	31,550	52,772	29,082	31,141	30,759
Reverse repurchase agreements	36,274	36,616			359	17
Securities borrowing	6,576	5,999				577
Other loans	14,904	2,147	12,197	6,042	7,053	1,571
Total due from customers	215,630	77,305	103,486	37,266	47,750	45,323
Other receivables	5,680					5,680
Total on balance	396,602	105,029	103,486	38,335	47,988	197,740
Total off balance	93,960	4,296	8,801	4,607	2,613	78,869
Total credit exposure	**490,562**	**109,325**	**112,287**	**42,942**	**50,601**	**276,609**
2007						
Cash and cash equivalents	27,003	18,742		1,372	8,920	15,809
Interest bearing investments	104,991	1,215				103,776
Due from banks	118,346	104,960	43	197	12,616	25,762
Due from customers						
Government and official institutions	5,340	14	10	1,560	947	4,703
Residential mortgage	95,380	532	108,936	2,459	25,732	9,185
Consumer loans	9,427	1,239	2,514	232	1,448	6,890
Commercial loans	137,191	21,713	41,205	23,023	13,180	64,430
Reverse repurchase agreements	28,186	28,315			1,590	1,461
Securities borrowing	24,279	19,873	5			4,401
Other loans	15,506	4,551	10,378	3,182	5,997	3,392
Total due from customers	315,309	76,237	163,048	30,456	48,894	94,462
Other receivables	6,546	3		423		6,120
Total on balance	572,195	201,157	163,091	32,448	70,430	245,929
Total off balance	158,660	5,504	11,500	1,593	4,796	144,859
Total credit exposure	**730,855**	**206,661**	**174,591**	**34,041**	**75,226**	**390,788**

1) 'Collateral and guarantees received in excess of credit exposure' equals the aggregated surplus of security received on an individual contract basis.

Collateral value is determined by means of a prudent valuation approach based on a range of criteria, including the nature and specific type of the collateral, its liquidity, and the volatility of its price. It also incorporates the degree of priority of Fortis Bank's rights and the forced sale context in which the collateral would be required to be realised.

6.4.1.9 Credit risk optimisation
Optimisation of credit portfolio management requires the use of efficient hedging techniques to avoid concentration or unwanted exposure in the loan or debt security portfolio. For this purpose, Fortis Bank uses mainly single name Credit Default Swaps (CDS). Portfolio optimisation is achieved not only with short positions (protection bought) but may also involve long positions (protection sold). CDS counterparties are carefully selected and virtually all contracts benefit from collateral agreements.

Asset securitisation is the process of creating a marketable financial instrument that is backed by the cash flow or value of specific financial assets. During the securitisation process, assets (e.g. consumer loans, receivables, mortgages) are selected and pooled together into a special purpose vehicle (SPV) which issues securities sold to investors.

In order to support its business development while meeting regulatory capital requirements, Fortis Bank has launched securitisation programmes. The related securitisation vehicles are fully consolidated and, hence, the securitised assets are reported on-balance in the Consolidated Financial Statements.

In 2008, securitisation was a financing alternative for the Bank's clients. In particular, financing via Scaldis Capital Limited ('Scaldis'), an (Asset backed commercial papers) ABCP vehicle sponsored by the Bank, gave clients of Fortis Bank's Corporate & Institutional Banking unit ('CIB') access to cheap and efficient financing. On 31 December 2008, the total face amount of the CP issuance of Scaldis was USD 11.1 billion (EUR 7.9 billion) of which USD 5.8 billion (EUR 4.1 billion) were secured by financial assets from clients.

6.4.1.10 Structured Credit Instruments
Structured credit instruments (SCI) are securities created by repackaging cash flows from financial contracts. These instruments encompass asset-backed securities (ABS), mortgage-backed securities (MBS) and collateralised debt obligations (CDO). ABS are issues backed by loans (other than mortgages), receivables or leases, MBS are issues backed by mortgage loans and CDO are a class of asset-backed securities and another term for bonds backed by a pool of bonds (CBO), loans (CLO) and other assets such as swaps (CSO). Payment of the principal and interest of the CDO is financed with the cash flows generated by the underlying financial assets.

Fortis Bank was present in the ABS and MBS market as issuer, placement agent, collateral manager, arranger and investor.

Fortis Bank's structured credit portfolio can be divided into 4 main sub-portfolios, each with its own business model philosophy towards trading, structuring, securitisation and investment approach and backed by a different strategy:
- ABS positions within Fortis Bank's credit trading book
- ABS positions within the Fortis Bank's investment book
- US structured credits (CDO origination)
- Asset pools (Scaldis)

ABS positions within the Fortis Bank investment book

Fortis Bank has made investments in a wide variety of different ABS/MBS asset classifications, with a clear focus on granularity of deal ticket size and diversification by asset type and geographic distribution, ranging from European Prime RMBS, to US Student Loans, Credit Cards, Commercial MBS, CLOs, Consumer ABS, SMEs, Small Business Loans to US RMBS. Redemptions from these assets are no longer reinvested in the ABS/MBS portfolio.

US structured credits (CDO origination)

Fortis Bank, as arranging bank, has structured and launched both classic and synthetic CDO. The main risk resulting from this activity lies in the retained "Super Senior" tranches which could not be sold to investors. The recent credit market turmoil has led to a standstill of this activity. Retained positions and discontinued warehouses became part of the distressed portfolio. Exposure is under close scrutiny of the Structured Credit Management team, which ensures focus on surveillance, monitoring, management and reporting.

Fortis Bank's structured credits are overweight in investment grade securities. However, due to the recent credit market turmoil, the largest part of the portfolio has been downgraded in 2008.

Fortis Bank's credit risk exposures arising from the abovementioned transactions as of year-end 2008 and the valuation methods applied are described in note 18.4 Structured Credit Instruments.

6.4.1.11 Management of problem loans and impairments

Problem loans are exposures for which the counterparty has become impaired. They include exposures for which signals have been detected indicating that the counterparty may become impaired in the future.

Problem loans are classified into different risk categories for individual counterparties and arrears buckets for groups of aggregated counterparties in order to optimise monitoring and review of these loans. Problem loans with ratings 18, 19 and 20 according to the Fortis Bank Master Scale have defaulted and are impaired. Other problem loans are still non-impaired. The accrued risk profile of problem loans makes it imperative that the Risk Management function is involved in handling these loans.

Past due credit exposure

A financial asset is past due if a counterparty has failed to make a payment when contractually due or if it has exceeded an advised limit or has been advised of a limit smaller than its current outstanding. Financial assets which have reached the 90-days past due trigger are automatically classified as impaired.

The table below provides information on the ageing of past due financial assets not classified as impaired (financial assets which have reached the 90-days past due trigger are therefore not included).

	Carrying amount of assets (not classified as impaired)	*< = 30 days past due*	*> 30 days & < = 60 days past due*	*> 60 days past due*	*Total*
2008					
Cash and cash equivalents	22,647	17			17
Interest bearing investments	95,847				
Due from banks	47,036	13		1	14
Due from customers					
Government and official institutions	4,152	50			50
Residential mortgage	33,333	348	81	27	456
Consumer loans	6,671	537	103	33	673
Commercial loans	111,168	3,034	457	219	3,710
Other	57,452	61	15	31	107
Total due from customers	212,776	4,030	656	310	4,996
Other receivables	5,660	6	2	184	192
Total	**383,966**	**4,066**	**658**	**495**	**5,219**
2007					
Cash and cash equivalents	27,003				
Interest bearing investments	101,247	7			7
Due from banks	118,332	1			1
Due from customers					
Government and official institutions	5,325	10		125	135
Residential mortgage	94,165	993	94	22	1,109
Consumer loans	9,131	508	102	41	651
Commercial loans	135,686	4,114	417	606	5,137
Other	67,701	79	8	10	97
Total due from customers	312,008	5,704	621	804	7,129
Other receivables	6,533	318	57	82	457
Total	**565,123**	**6,030**	**678**	**886**	**7,594**

Collateral and guarantees received as security for past due but not impaired financial assets are detailed below:

	Carrying amount	Collateral Received: Financial Instruments	Property, plant and equipment	Other collateral and guarantees	Collateral and guarantees in excess of credit exposure [1)]	Unsecured exposure
2008						
Cash and cash equivalents	17					17
Interest bearing investments						
Due from banks	14					14
Due from customers						
Government and official institutions	50					50
Residential mortgage	456	68	355	3	55	85
Consumer loans	673	32	117	15	33	542
Commercial loans	3,710	829	1,120	636	1,053	2,178
Other loans	107	43	4	41	69	88
Total due from customers	4,996	972	1,596	695	1,210	2,943
Other receivables	192					192
Total past due credit exposure	**5,219**	**972**	**1,596**	**695**	**1,210**	**3,166**
2007						
Cash and cash equivalents						
Interest bearing investments	7					7
Due from banks	2					2
Due from customers						
Government and official institutions	135			117	2	20
Residential mortgage	1,109	5	1,239	17	355	203
Consumer loans	651	18	302	21	246	556
Commercial loans	5,137	720	1,781	505	1,830	3,961
Other loans	97	290	23		262	46
Total due from customers	7,129	1,033	3,345	660	2,695	4,786
Other receivables	456			259		197
Total past due credit exposure	**7,594**	**1,033**	**3,345**	**919**	**2,695**	**4,992**

1) 'Collateral and guarantees received in excess of credit exposure' equals the aggregated surplus of security received on an individual contract basis.

Impaired credit exposure

A financial asset is classified as impaired if one or more loss events are identified which have a negative impact on the estimated future cash flows related to that financial asset.

Events considered to be loss events include situations where:

- the counterparty is unlikely to pay in full its credit obligations to Fortis Bank, without recourse by Fortis Bank to actions such as realising collateral
- the counterparty has a material credit obligation which is past due for more than 90 days (overdrafts will be considered as being overdue once the customer has exceeded an advised limit or been advised of a limit smaller than that currently outstanding).

In practice, Fortis Bank classifies loans as impaired in response to a series of obligatory and judgement-based triggers. Obligatory triggers result in the counterparty being classified as impaired and include bankruptcy, financial restructuring and 90 days past due. Judgement-based triggers include, but are not limited to, elements such as negative equity, regular payment problems, improper use of credit lines and legal action by other creditors. They could – but do not necessarily – result in the counterparty being classified as impaired.

Loan or Debt Restructuring is the change of one or more terms of an existing loan or debt agreement for economic or legal reasons related to the debtor's financial difficulties. The change can imply, among other things, modification of the repayment schedule and/or interest rate or an addition of sureties or borrowers. In order to limit losses, the change can imply that the creditor grants a concession to the debtor that he would not otherwise consider, e.g. an absolute or contingent reduction of interest rate, debt amount or accrued interest or a combination of the three. A loan or debt restructuring process in itself does not constitute a trigger for changing a loan’s status from impaired to normal; restructured loans or debts therefore do not automatically elude their impaired status after restructuring. As a consequence, the performing loan portfolio (i.e. non-impaired) contains no material credit exposure with respect to such restructured loans or debts as at 31 December 2008.

Impairment for specific credit risk is established if there is objective evidence that Fortis Bank will not be able to collect all amounts due in accordance with contractual terms. The amount of the impairment is the difference between the carrying amount and the recoverable amount, i.e. the present value of expected cash flows and the collateral value less selling costs, if the loan is secured.

The table below provides information on impairments and the impaired credit risk exposure as at 31 December.

			2008			2007
	Impaired outstanding	*Impairments for specific credit risk*	*Coverage ratio*	*Impaired outstanding*	*Impairments for specific credit risk*	*Coverage ratio*
Interest bearing investments	18,396	(8,639)	47.0%	6,178	(2,434)	39.4%
Due from banks	315	(281)	89.2%	31	(12)	38.7%
Due from customers						
Government and official institutions	3		0.0%	18	(2)	11.1%
Residential mortgages	674	(41)	6.1%	1,280	(42)	3.3%
Consumer loans	386	(238)	61.7%	643	(314)	48.8%
Commercial loans	3,718	(1,640)	44.1%	3,010	(1,355)	45.0%
Other	478	(158)	33.1%	345	(65)	18.8%
Total due from customers	5,259	(2,077)	39.5%	5,296	(1,778)	33.6%
Other receivables	39	(15)	38.5%	22	(9)	40.9%
Total on balance	24,009	(11,012)	45.9%	11,527	(4,233)	36.7%
Total off balance	1,214	(836)	68.9%	610	(398)	65.2%
Total impaired credit risk exposure	**25,223**	**(11,848)**	**47.0%**	**12,137**	**(4,631)**	**38.2%**

The following table provides details on collateral and guarantees received as security for financial assets and commitments classified as impaired.

	Impaired outstanding	Collateral Received: Financial instruments	Property, plant & equipment	Other collateral and guarantees	Collateral and guarantees in excess of impaired credit exposure [1)]	Unsecured exposure
2008						
Cash and cash equivalents						
Interest bearing investments	18,396					18,396
Due from banks	315	57				258
Due from customers						
Government and official institutions	3					3
Residential mortgage	674	1	639	19	142	157
Consumer loans	386	7	51	7	31	352
Commercial loans	3,718	450	1,581	312	848	2,223
Other loans	478	79	27	71	33	334
Total due from customers	5,259	537	2,298	409	1,054	3,069
Other receivables	39					39
Total on balance	24,009	594	2,298	409	1,054	21,762
Total off balance	1,214	60	29	74	99	1,150
Total impaired credit exposure	**25,223**	**654**	**2,327**	**483**	**1,153**	**22,912**
2007						
Interest bearing investments	6,178					6,178
Due from banks	31					31
Due from customers						
Government and official institutions	18			2	1	17
Residential mortgage	1,280	6	1,506	51	416	133
Consumer loans	643	9	75	8	36	587
Commercial loans	3,010	287	1,376	315	1,128	2,160
Other loans	345	174	122	17	67	99
Total due from customers	5,296	476	3,079	393	1,648	2,996
Other receivables	22			13		9
Total on balance	11,527	476	3,079	406	1,648	9,214
Total off balance	610	42	289	66	318	531
Total impaired credit exposure	**12,137**	**518**	**3,368**	**472**	**1,966**	**9,745**

1) Collateral and guarantees received in excess of credit exposure' equals the aggregated surplus of security received on an individual contract basis.

Within the customer loan portfolio, the ratio of impairments to unsecured exposure improved to 73% compared to 59% in 2007. This evolution was mainly noted in commercial loans and interest bearing investments with a coverage of respectively 82% and 47% as of December 2008, compensated by a lower coverage in debt securities as a result of write-offs.

The table below provides information on the duration of impairment, i.e. the period between the financial asset's first impairment event and 31 December.

	< 1 year impaired	*> 1 year < 5 years impaired*	*> 5 years impaired*	*Total*
2008				
Cash and cash equivalents				
Interest bearing investments	17,776	614	6	18,396
Due from banks	283	9	23	315
Due from customers				
Government and official institutions	1	2		3
Residential mortgage	515	86	73	674
Consumer loans	195	149	42	386
Commercial loans	2,168	733	817	3,718
Other	208	261	9	478
Total due from customers	3,087	1,231	941	5,259
Other receivables	26	2	11	39
Total on balance	21,172	1,856	981	24,009
Total off balance	282	217	715	1,214
Total impaired credit exposure	**21,454**	**2,073**	**1,696**	**25,223**
2007				
Cash and cash equivalents				
Interest bearing investments	6,158	6	14	6,178
Due from banks	1	8	22	31
Due from customers				
Government and official institutions	10	4	4	18
Residential mortgage	787	457	36	1,280
Consumer loans	374	253	16	643
Commercial loans	1,151	1,204	655	3,010
Other	200	97	48	345
Total due from customers	2,522	2,015	759	5,296
Other receivables	16	5	1	22
Total on balance	8,697	2,034	796	11,527
Total off balance	241	314	55	610
Total impaired credit exposure	**8,938**	**2,348**	**851**	**12,137**

Write-offs are based on Fortis Bank's latest estimate of its recovery and represent the loss that Fortis Bank considers it will incur. Conditions for write-off may be that the obligor's bankruptcy proceedings have been finalised and securities have been exhausted, the obligor and/or guarantors are insolvent, all normal recovery efforts have been exhausted, or the economic loss term (i.e. the term within which all expenses will exceed the amount of recovery) has been reached.

Incurred but not reported impairments

Incurred but not reported (IBNR) impairments on loans represents losses inherent in components of the performing loan portfolio that have not yet been specifically identified.

The scope of the calculation of the IBNR impairments covers all financial assets found not to be individually impaired from the categories Due from customers, Due from banks and Other receivables. All related off-balance items such as unused credit facilities and credit commitments are also included.

The IBNR calculation combines the Basel II concept of expected loss on a one-year time horizon with intrinsic elements such as incubation period, macroeconomic factors and expert views.
IBNR is calculated on the performing loan portfolio. IBNR amounted to EUR 412 million at the end of 2008 compared to EUR 278 million at the end of the previous year. This increase reflects the deterioration of the credit environment in 2008 and the expectation of a further deterioration in 2009. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based. The determination of the impact of the macro-economic factors is reassessed on a quarterly basis and is supported by a comprehensive set of documentation and information updated each quarter. Details relating to IBNR impairments are provided in the notes 14, 16, 17 and 40 and 46.

6.4.2 Market Risk

Market risk is the potential for loss resulting from unfavourable market movements, which can arise from trading or holding positions in financial instruments. Market risk can come from many different sources, including:

- interest rate fluctuations that affect bonds, other fixed-income assets and other items of the balance sheet
- change in price level of securities that affect the value of trading and investment portfolios
- foreign exchange fluctuations that affect future non-hedged cash flows
- changes in volatility of interest rates or securities prices that affect the values of options or other derivatives
- prepayment risk, deposit runs or other adverse customer behaviour linked to evolution of market factors.

Market risk: is broken down into two types, ALM risk and trading risk, depending on the purpose of the position taken. Positions taken with the aim of making short-term profit pertain to trading risk; all other positions are addressed under ALM risk.

ALM Risk : the risk that the market value of assets net of liabilities decreases due to changes in interest rates, credit spreads, equity markets, foreign exchange rates, real estate prices or other market factors. The market value of assets, net of liabilities, is measured as an economic view of the company's equity. A decrease in the market value of assets net of liabilities directly decreases a company's total value, even if it does not suffer any losses on an earnings or cash-flow basis.

Trading risk: a trading portfolio is exposed to various sources of risk arising from changes in interest rates, foreign exchange rates, equity prices and commodity & energy prices, volatilities, spreads (bid/offer), credit spreads, dividend levels or other tradable characteristics. Trading risk is the risk of negative change in the total value of the portfolio in response to fluctuations in and between these risk factors.

6.4.2.1 ALM Risk

ALM Risk Management

ALM risk is managed within a single framework and measured using consistent methods (e.g. fair value calculations, stress tests, worst - case sensitivities). The mission of the central ALM function is to support, on an accurate and timely basis, management's understanding of market risk exposures undertaken in Fortis Bank's balance sheet and its underlying entities. This includes ensuring that global asset allocation is in line with the strategy of the group and applying the concept of global limits to all types of market risk related to the balance sheet. ALM Risk focuses on value and earnings changes implied by volatility in interest rates, exchange rates, share prices and real estate prices. The risk of changes in volatility and credit spreads is not taken into account in these figures.

ALM team

The ALM team operates centrally and is organised around three pillars: Balance Sheet Management (including data gathering, modelling and analysis), investments and finance (performance and transfer price). This function's main responsibilities are:

- to establish a framework for risk management and control of all the activities within the bank with an inherent market risk
- to ensure a global asset allocation that is consistent with the strategy
- to apply the concept of global limits to all types of market risk related to the banking book
- to define the methodology for setting internal transfer pricing and apply it to the different businesses within the bank, and to closely monitor regulatory solvency, assess the evolution of the solvency ratios and propose strategies concerning additional components of regulatory equity such as subordinated loans and hybrid financing.

ALM risk assessment

ALM risks are assessed, monitored and reported according to the following types of sub-risk: interest rate risk, foreign exchange risk (also referred to as currency risk), equity securities risk and real estate risk.

The four main sources of interest rate risk are:

- repricing risk, due to a mismatch of interest rate repricing between assets and liabilities (usual mismatch)
- changes in the structure of yield curves (parallel, flattening or steepening shifts)
- basis risk resulting from the imperfect correlation between different reference rates (for example swap rates and government bond yields)
- optionality: on the asset side, certain financial instruments carry embedded options (hidden or explicit) that will be exercised depending on movements in interest rates.

All figures presented in this section are before taxation.

ALM Risk measurement, monitoring and reporting

Interest Rate Risk

Fortis Bank measures, monitors and controls its ALM interest rate risk using the following indicators:

- cash flow gap analysis
- duration of equity
- interest rate sensitivity of the fair value of equity
- Value at Risk (VaR)
- Earnings at Risk (EaR).

Cash Flow Gap Analysis - This illustrates the profile of the interest rate exposure over time and is used to quantify and compare interest rate-sensitive asset and liability exposures by different time buckets. The cash flow gap highlights the mismatch between asset and liability exposures at different maturities.

The tables below show Fortis Bank's exposure to interest rate risk. The interest-sensitivity gap for a given time period is the difference between the amounts to be received and the amounts to be paid in that period.

Cash flows of assets and liabilities are classified by the expected repricing or maturity date, whichever is earlier. For assets and liabilities without maturity, the projected cash flows reflect the interest-rate sensitivity of the product. Products without maturity such as savings and current accounts have a significant part of the outstanding volumes that is stable on a long-term basis and considered to be long-term funding. The derivatives are principally used to reduce Fortis Bank's exposure to interest rate changes. Their notional value is reported separately in the table.

A positive (negative) amount means a net receiving (paying) position in derivatives. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature are important factors in assessing Fortis Bank's exposure to changes in interest rates.

	<1 month	*1-3 months*	*3-12 months*	*1-3 years*	*3-5 years*	*5-10 years*	*>10 years*
At 31 December 2008:							
Assets	232,375	105,276	59,474	41,075	24,885	25,739	14,726
Liabilities	(270,436)	(103,458)	(50,714)	(24,726)	(19,213)	(22,837)	(5,003)
Gap Assets - Liabilities	(38,061)	1,818	8,760	16,349	5,672	2,902	9,723
Derivatives	20,892	(5,535)	(2,918)	(2,389)	(2,500)	(1,699)	(5,506)
Total Gap	(17,169)	(3,717)	5,842	13,960	3,172	1,203	4,217
At 31 December 2007:							
Assets	525,142	159,276	124,466	71,294	63,528	76,368	38,445
Liabilities	(610,370)	(168,904)	(96,982)	(54,667)	(48,838)	(58,636)	(23,326)
Gap Assets - Liabilities	(85,228)	(9,628)	27,483	16,627	14,690	17,733	15,120
Derivatives	23,071	11,602	5,414	(5,041)	(9,682)	(12,670)	(12,598)
Total Gap	(62,157)	1,974	32,897	11,586	4,828	5,062	2,522

As more liabilities than assets are repriced in the short term, the derivatives position clearly has a risk reducing effect on the total gap.

Duration of equity - Duration is a measure of the average timing of cash flows from an asset or a liability portfolio. It is computed on the basis of the net present values (NPV) of the cash flows (principal and interest). The NPV is calculated based on interest rates applicable to clients.

Duration of equity is an application of duration analysis and measures Fortis Bank's consolidated interest rate sensitivity. It is measured as the difference between the present value of the future weighted cash flows generated by the assets and the present value of the future weighted cash flow from the liabilities. The duration of equity is an overall indicator of the mismatch in duration of assets and liabilities.

Duration of equity is used as a key indicator for the interest rate risk. It reflects the value sensitivity to a small parallel interest rate shift Δi:

$$\frac{\Delta Value}{Value} = -Duration \cdot \Delta i$$

Consequently, the following characteristics of this indicator can be derived:

- a positive (negative) duration leads to a decrease (increase) in value when rates increase (Δi positive)
- the higher the absolute value of the duration, the higher the sensitivity of the value to an interest rate movement.

Duration of equity is the duration that should be attributed to the difference between the value of assets and the value of liabilities in order to make the total balance sheet insensitive to interest rate changes.

The following table shows the mismatch between the weighted durations of assets and liabilities. The bank has a positive duration of equity. This means that an increase in interest rates leads to a decrease in value for the bank.

	2008	*2007*
Duration of Equity (in years):	3.24	5.54

Within the bank, the duration of equity decreased. The risk picture decreased mainly due to the repayment of loans provided by Fortis Bank Belgium or Fortis Finance Belgium to Fortis Bank Nederland (Holding) and to the sale of receiver swaps. While the duration of equity measures the sensitivity of the value to very small interest rate movements, Fortis Bank follows the variability of the value for bigger interest-rate shocks. This is shown in the following section.

Interest rate sensitivity of the Fair Value of equity - This approach consists of applying stress tests of +/- 100bp to the fair value of an instrument or portfolio.

The table below shows the impact of an approximate 100 basis-point shift in the yield curve on the fair value of equity, i.e. the fair value of all assets minus the fair value of all liabilities.

	2008		*2007*	
	+100bp	*-100bp*	*+100bp*	*-100bp*
	(3.3%)	3.4%	(6.7%)	6.5%

A parallel shift of interest rates of 100 bp will lead to a change in fair value of approximately 3% of total fair value.

Currency Risk

Any financial product is denominated in a specific currency. Currency risk stems from a change in the exchange rate of that currency to the functional currency of Fortis Bank (euro).

No currency risk is taken in the ALM Bank position due to the application of the following principles:

- Loans and bond investments in currencies other than the functional currency of Fortis Bank must be hedged by a funding in the corresponding currency.
- Participating interests in currencies other than the functional currency of Fortis Bank must be hedged by a funding in the corresponding currency. The Fortis Bank policy is to hedge via short-term funding in the corresponding currency where possible. Net investment hedge accounting is applied.
- The results of branches and subsidiaries in currencies other than the functional currency of Fortis Bank activities are hedged on a monthly basis.

Exceptions to this general rule must be approved by the Bank ALCO Committee.

The table below shows the currency risk exposures to foreign currencies as at 31 December 2008.

Currency	*Exposure in foreign currencies (in million)*	*Exposure in EUR (in million)*
TRY	1,782	829
TWD	396	9

The general policy in Fortis Bank is not to have FX Risk in the balance sheet.
There are only two major exceptions to the hedging rules. These are Fortis Bank Turkey and in Dryden Wealth Management Taiwan.

Other sub-risk types

In addition to interest rate risk and currency risk, ALM risk also encompasses equity securities risk and real estate risk. Equity securities risk is the risk of losses due to unfavourable movements on equity markets. Similarly, real estate risk is the risk of losses due to unfavourable movements in real estate prices. These risk factors are monitored through risk indicators such as Value at Risk and Earnings at Risk.

Value at Risk (VaR)

Value at Risk (VaR) is a statistical estimation that quantifies a possible maximum loss for a given probability and time horizon. In principle, this concept could apply to all kinds of risks. VaR is a model based estimation of the impact of worst-case scenarios. Such are calibrated using a probability distribution which takes into account 10-year historical observations. It is a Fortis Bank standard to use the 99.97% percentile matching the current AA- rating for financial institutions.

The table below shows the 99.97% annual VaR (i.e. the model based estimation for maximum loss in 99.97% of the cases), expressed in % of the fair value of Fortis Bank's equity.

Equity-market risk	5%
Interest-rate risk	10%
Real-estate risk	0%
Currency risk	1%

Volatility risk is not taken into account in these figures.

As shown in the table above, the main exposure within the bank is interest rate risk. Equity market risk is smaller and is based on the equity securities position as reported under IFRS. The currency risk position is mainly a TRY risk position. Real estate risk is not material. Currency risk stems partly from the interests in international companies. Overall equity market and interest rate risks are the main risk factors for Fortis Bank as a whole.

Earnings-at-Risk - Earnings at Risk measures the sensitivity of future IFRS net income to hypothetical adverse changes in interest rates or equity market prices. Earnings at Risk assesses the impact of stress tests on the projected IFRS net income before tax.

+100bp	(3.1 %)
-100bp	3.3 %
shares -20%	(0.65 %)

The interest margin in the earnings at risk simulation is calculated with a constant duration of equity over the whole year. The sensitivity of the ‘Treasury & Trading’ position is out of scope

ALM Risk – Stress Testing

Stress analysis is required in order to evaluate the underlying risk when markets experience sudden, exceptional, or catastrophic events. ALM has developed a scenario analysis programme to identify and estimate various stressed market scenarios and their potential impact on the balance sheet value and on earnings.

Stress scenario analysis is performed on a quarterly basis for both Earning and Value Reporting. There are no formal limits in place based on those. ALM currently follows the market risk of the Banking book of the balance sheet: interest rate risk, currency risk and equity risk in the Banking book.

ALM therefore designed its stress tests only on the basis of these three underlying risks. Precise volatility has not been integrated in the scope. The following three types of scenarios have been implemented: standardised, historical and forward-looking internal models.

The Standardised Stress Tests

With a view to managing its risks adequately, Fortis Bank analyses the results of its internal measurement systems, expressed in terms of the change in economic value relative to capital, using a standardised interest rate shock[1]. The standardised stress test reflects only a rough estimation of the risks of the balance sheet.

Historical Crisis Stress Tests Scenarios

Historical scenarios are useful because they reflect market moves that actually happened, and therefore have a measure of both objectivity and credibility. The only weakness is that they reflect an economic reality that may no longer be relevant.

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1 *Fortis also provides these results to the regulators in order to facilitate supervisors’ monitoring of interest rate risk exposures across institutions.*

ALM Internal models for Stress Tests

Fortis Bank has designed a common set of stress scenarios based on an internal model and a common methodology to all the different entities of Fortis Bank. The stress scenarios are based on a quantitative backward-looking model, taking into account six interest rate scenarios, in conjunction with moves in foreign exchange rates and equity market.

ALM Risk – Risk Mitigating Strategies

Interest rate risk is mitigated using a range of different instruments, the most important of which are derivatives, primarily interest rate swaps and options. Interest rate swaps are used to change the linear risk profile mainly caused by long-term assets such as fixed-rate mortgages and long-term liabilities, e.g. subordinated liabilities. Options are used to reduce the non-linear risk, which is mainly caused by embedded options sold to clients, e.g. caps and prepayment options.

As a result of a hedge, the economic impact of changes in the hedged item's net present value (NPV), caused by changes in the appropriate benchmark interest rate curve, is reduced by offsetting changes in the NPV of the hedging derivative financial instrument.

The risk being hedged is the interest rate risk, more specifically fair value changes of fixed rate assets and liabilities due to changes in the designated benchmark interest rate. The designated interest rate is the rate prevailing in the hedging instrument, so that any changes in fair value of the hedged item due to credit risk above that inherent in the hedging instrument is excluded from the hedged risk.

Due to the strict rules governing the use of hedge accounting, not all economic hedges covering Fortis Bank interest rate risk exposure qualify as hedges under IFRS. For example, options used for economic hedging do not qualify as hedges. This means that, although an economic hedge exists, for accounting purposes Fortis Bank will bear the impact of the changes in the fair value of these options in profit or loss. This is the case, for example, for floating-rate mortgages where the caps are hedged using options. The fact that these options do not qualify as hedges under IFRS will lead to additional accounting volatility in profit or loss.

The table below gives an overview of the portfolio hedge accounting applied to ALM positions.

Hedged items	*Hedging instruments*	*Hedged risk (1)*
Mortgages	payer swaps	(5.31)
Bonds	payer swaps	(1.44)
Fixed rate liabilities	receiver swaps	1.99

1) Impact in EUR million on fair value of 1bp parallel shift of the yield curve.

At 31 December 2008 the sensitivity of mortgages, bonds and fixed rate liabilities for a 1bp parallel shift in the yield curve was EUR (4.76) million. The ALM derivatives position at 31 December 2008 is characterised by a potential impact of EUR 4.9 million (before taxation) by a 1 bp yield curve shift. Hence the portfolio hedging reduced most of this profit and loss volatility. At year end 2008 the open derivatives position was EUR (0.32) million (before taxation) for a 1 bp yield shift. During 2008 the change in the fair value of the derivatives included in hedges qualifying for accounting purposes was EUR (592) million and the fair value change of the hedged item was EUR 568 million, largely reducing the volatility in the income statement.

6.4.2.2 Trading Risk

Trading risk refers to the potential losses resulting from unfavourable market movements, which can arise from trading positions held in financial instruments. In other words, trading risk arises in the trading portfolio due to changes in the market price of positions held in capital market instruments, including commodity securities.

Fortis Bank's trading risk is the result of client-related trading activities as well as proprietary trading activities. They cover almost the full spectrum of instruments available on modern financial markets and occur in the dealing rooms of Brussels, Luxembourg, New York, Houston, Hong Kong, Singapore, Taipei, Shanghai, London, Istanbul and Warsaw. All desks in the local dealing rooms report to Brussels.

Trading risk is a part of the Merchant Banking activities, for which the daily outcome of transactions depends on developments in market prices, currency rates, interest rates, credit spreads, equity securities, commodities and energy prices.

Trading risk management

Risk taking is based on a three-pillar Merchant Banking risk structure: risk management organisation, risk policies and risk decision procedures. Independent risk management provides information about the Merchant Banking risk profile to the Merchant Banking management team, Merchant Banking Risk Committees and Central Risk Management (CRM). Integrated risk management systems are installed in order to analyse and measure the variety of risk systematically.

Fortis Bank has established limits to define the risk tolerance and to keep trading risk exposure under control. Several risk parameters exist, to cover all risk characteristics of exposures such as position (modified duration, delta, vega), Value at Risk, stress test and concentration limits. All limits are reviewed once a year in connection with the average limit use, past performance, volatility of income and the new budget.

Risk information from all locations is centralised in one global risk database. All dealing rooms will be gradually integrated while front-office information technology systems are centralised.

Trading risk measurement and monitoring

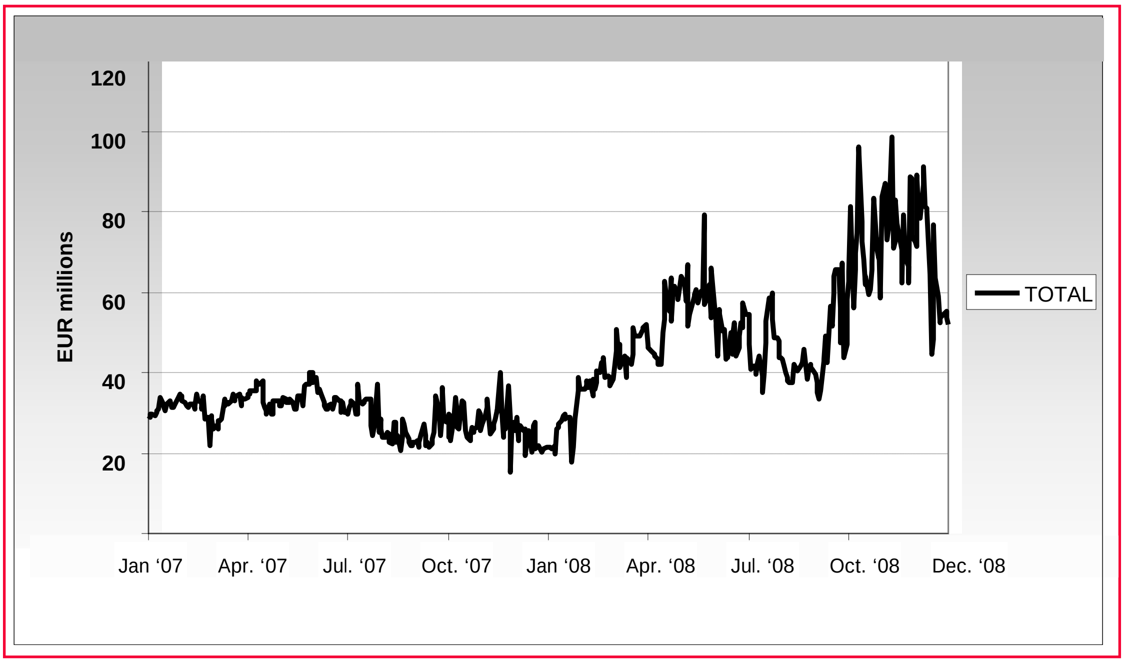
Fortis Bank applies the Value at Risk (VaR) method based on the Extreme Value Distribution (EVD) historical simulation mode with full revaluation of derivative products, usually referred to as historical VaR. The historical VaR is now the approach for trading risk measurement worldwide.

To calculate the historical VaR for the majority of products and activities, Risk Management uses a tailor-made system called MrMa (Market risk Management application). This system supports the following trading risk management functions:

- official (end-of-day) Mark to Market (MtM) revaluation
- VaR & back-testing of results
- stress testing and sensitivity analysis

Fortis Bank Merchant Banking also manages an important portfolio of products directly exposed to credit spread variations. These products are asset-backed securities, debt instruments and credit derivatives and are accounted for as both trading and investment assets. Risk Management has implemented an internally developed VaR spread application on the MrMa platform, where credit spread data comes from independent external data providers.

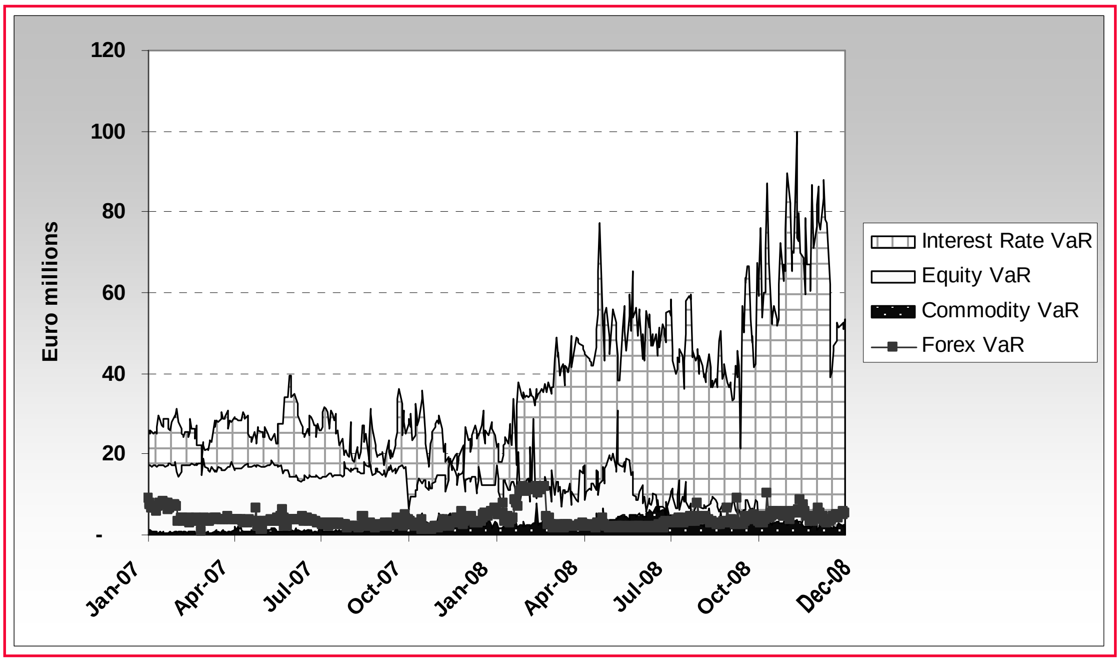
Value at Risk including all risk factors (in EUR million)



Over 2008, the increase of volatility has multiplied the VaR on stable positions by a factor above two.
This effect is visible over the first quarter of 2008, during which the stabilisation followed by the reduction of positions did not result in reduction of VaR.

Two subsequent events drove the VaR at high levels during the second half of the year without any increase in positions.
Beginning of June, after the declaration of the ECB, the temporary disruption and illiquidity on the money and fixed income markets resulted in marked surge in volatility. Positions were hedged and cut to reduce the exposure.
Lehman Brothers' demise in September was the second and decisive shock that disrupted the financial system. As a consequence, sudden and massive plummeting of all markets accompanied by an unprecedented sharp rise in volatility/correlation on/between all risk categories and the reduction of value already observed on most asset classes since the beginning of the Subprime crisis gained speed.
Hedging actions taken at the end of the year brought back the risks to their 1st quarter levels despite the difficulty to find counterparties in the market still willing to trade on a bilateral basis.

Value at Risk by risk factors (in EUR million)



The use of the historical VaR in the management of trading risk

Historical VaR[1] over 1 day and at a 99% probability is monitored in the daily risk reporting and used to calibrate the risk limits.

For the regulatory capital calculation according to the Basel framework, the VaR calculations are based on a holding period of 10 days. Merchant Banking addresses this by freezing the portfolio, applying the square root of time rule directly to the market data returns (for regulatory capital purposes), and calculating Event VaR for the tail risks not modelled by the VaR tool.

The economic capital[2] of Fortis Bank is based on a VaR at a confidence level of 99.97% relative to a 1-year holding period. It does not include Event VaR.

The limits framework of trading risk

Decisions about limits and other risks are taken based on four principles:

- exposures only result in restricted volatility of income
- new limits/products/activities add value to Merchant Banking's performance
- diversification of revenues is achieved
- limits will only be granted if the exposures under these limits can be calculated, monitored and reported by Merchant Banking Risk Management.

Market risk limits are based on:

- a policy of maximising diversification of (market) risk-related activities
- business focus: trading or client driven
- performance diversification effects
- past performance, volatility of results and budgeted income
- risk appetite
- operational organisation.

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[1] *The probability and time horizon used to calculate the Historical VaR are calibrated to take into account the specificities of the trading activies.*

[2] *Economic capital is calculated on quarterly basis and estimates the capital to put aside by the Bank to be eligible for a AA rating under rating agencies' criteria's.*

Risk management differentiates between hard and soft limits in terms of the level of importance:

- Hard limits are a macro risk management tool and are limits that the business may not exceed as a whole. Hard limits are approved by the Merchant Bank Risk Committee (MBRC) and Bank ALCO and monitored by both Risk Management and CRM/Market Risk[1].
- Soft limits are used for micro-risk management purposes and consist of a tool that the business decides for itself at a lower organisation level to ensure compliance with hard limits.

In terms of limits, another differentiation can be made based on the objective of the measurement:

- VaR limits exist to cap the bank's potential losses under normal market circumstances. Within the context of its trading room activities, Fortis Bank, defines VaR as the expected maximum loss over a 1-day holding period within a 99th percentile, one-tailed confidence interval. This time horizon and confidence interval have been selected as they are market standards.
- Position limits are more relevant in the case of extremely low volatility and are supplementary to VaR limits.

All positions, VaR and other risk limits are reviewed once a year. The review covers the average limit use, past performance, volatility of income and the new budget.

Hard limits and position limits are not the business line's own micro limits (per desk, per dealer, etc.) and are therefore monitored and reported on by Merchant Bank Risk Management on a daily basis.

Merchant Bank Risk Management always reports limit overruns to the CEO and the CRO of Merchant Banking, the CEO of GMK, Internal Audit Services and the Head of Market Risk within Central Risk Management.

Trading risk stress testing

Historical VaR is a statistical model used to predict possible future outcomes of markets under normal circumstances. To predict possible outcomes of markets under abnormal circumstances, Fortis Bank simulates extreme scenarios. This is made possible in MrMa through sensitivity and stress testing modules that provide functionalities to generate scenarios, calculate their fair value impact and report the generated values.

These extreme scenarios can either be historical or hypothetical. The historical ones can replicate past scenarios and account for situations that were recorded further in the past, e.g. the 1994 bond crisis, 2007/2008 Subprime crisis and the hypothetical scenarios allow Fortis Bank to simulate new shocks with unforeseen magnitudes.

The profit or loss figure obtained from the tests is further detailed for different levels of the Merchant Banking structure. Stress testing aims to make management aware of the risks (and income statement consequences) of extreme, abnormal movements of market variables. As a result, 'early warning signals' have been set up enabling all stakeholders to:

- have the same approach towards the entity risk appetite
- be warned simultaneously
- decide on remedial actions

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[1] *CRM/Market Risk: Central risk Management/Market Risk.*

If stress testing results exceed the early warning signals, they are considered to be triggers for management action. The scope of stress testing in Merchant Banking is identical to the coverage in MrMa and follows the course of development of MrMa. This ensures comparability of stress tests results with other figures and results calculated with MrMa.

Once a month Risk Management runs the stress-testing programme covering the entire Merchant Banking business line, the different scenarios are assessed on a regular basis and, when appropriate, are updated and extended.

Trading risk back testing
Once the VaR has been calculated, the validity of the output is tested. This is performed using the backtesting module, where Var forecasts are compared with the calculated market-to-market change using daily market data variation.

Back testing is a formal statistical framework that tests on a daily basis the efficiency of the VaR model (and thus the reliability of the resulting VaR figures) by verifying that the exceptions are recorded and used so that the model can be continuously fine-tuned.

Back testing measures - on a one-year rolling window - the number of losses exceeding the VaR prediction given a confidence interval of 99%. Regulatory Back-testing analysis revealed that Fortis Bank Belgium remained in the green zone in 2008.

6.5 Liquidity Risk

Liquidity risk is the risk of not meeting actual (and potential) payments or collateral posting obligations when they are due. It has two components described below.

Funding liquidity risk is the risk that expected and unexpected cash demands of deposit and other contract holders cannot be met without suffering unacceptable losses or without endangering the business franchise.

Market liquidity risk concerns the inability to realise assets due to inadequate market depth, or market disruption. As such it is related to market risk to a certain extent. Market liquidity risk is the sensitivity of the liquidity value of a portfolio due to changes in the applicable haircuts and the change of market value. It also concerns the uncertainty of the timescale necessary to realise the liquidity value of the assets.

The paragraphs below summarize how liquidity risks materialized throughout the course of 2008.

In September 2008, unprecedented market conditions have impacted Fortis Bank liquidity position. Rumours about an imminent capital increase by Fortis influenced the market. The share price plummeted even though Fortis denied the new capital raise. The drop in share price added to the pessimistic view many shared on Fortis. Meanwhile, the aversion towards bank counterparty risk triggered a long-lasting process of liquidity hoarding by many participants of the financial markets. This situation remained unchanged for most financial institutions well into 2009.

As of 14 September 2008, several rumours began to circulate regarding Fortis Bank's liquidity position.

On Friday 26 September 2008, financial markets were very difficult again with financials, and Fortis more specifically. Fortis Bank anticipated that at market close, it would no longer have the necessary collateral to obtain credit in the interbank market (including from the central banks). Fortis Bank would then be obliged to seek the liquidity support of the Belgian National Bank. By the end of the day, Fortis Bank had exhausted most of its collateral for obtaining liquidity from the central banks. For the first time, Fortis Bank had to turn to the Marginal Lending Facility provided by the Belgian National Bank for an amount of some EUR 5 billion.

During the week-end of 27 and 28 September 2008, the Dutch, Belgian and Luxembourg authorities decided to act in order to avoid an unacceptable level of risk of discontinuity on the banking part of the Fortis group. The governments of the three countries therefore announced that they would inject new capital in the Fortis banking entities. The measures entailed the Belgian state (via the SFPI/FPIM) injecting EUR 4.7 billion while the Grand Duchy of Luxembourg agreed to provide Fortis Banque Luxembourg S.A. (a 99.92%-owned subsidiary of Fortis Bank) with a loan of EUR 2.5 billion in the form of a loan convertible into shares. In addition, the Belgian National Bank agreed to conclude with Fortis Bank an Emergency Liquidity Assistance Agreement (ELA)[1] intended to ensure the liquidity of the banking operations.

The situation continued to deteriorate during the course of the following week, due to tensions in the interbank market. Withdrawals by institutional clients and by companies had increased substantially.

By Thursday 2 October 2008, EUR 51.7 billion of the emergency loan from the Belgian National Bank had been used out of the EUR 57.9 billion available, and the Emergency Liquidity Agreement that had just been agreed by the Dutch central bank had been fully utilised to a level of EUR 7 billion, leaving Fortis Bank with virtually no room to manoeuvre.

The following week-end, reviewed transactions including the agreement to sell Fortis Bank to BNP Paribas were closed. Also included was the sale of Fortis Bank Netherlands (Holding) and its stake in ABN AMRO, to the Dutch government.

The important streams of liquidity expected from the Dutch government did not solve the immediate liquidity problem with which Fortis Bank was confronted:

- An amount of approximately EUR 51 billion was expected for the short term commitments.
- It was very difficult to assess if and, if yes, for which amount Fortis Bank would need emergency assistance from the Belgian National Bank in the week to come. Reality shows that Fortis Bank, after 6 October 2008, remained in a very critical position with emergency credit lines from the central banks still being used on 6 October for EUR 19.7 billion, on 7 October for EUR 6.5 billion, on 8 October for EUR 12.1 billion and on 9 October for EUR 6 billion.

The decrease in the use of the ELA was due to the fact that BNP Paribas started to fund the Fortis Bank activities as of 6 October 2008 as soon as the agreement in principle was reached. Fortis Bank did not use the ELA since October 10. Further improvement of the liquidity position was established through the partial repayment by FBN(Holding) of (former) intercompany debt and the exchange of the balance in eligible Dutch State bonds.

During November and December, both wholesale and retail deposits stabilised. Along with a cap on the asset growth, increased collateral availability due to changed eligibility criteria with central banks, the use of the Fed created Commercial Paper Funding Facility (CPFF) and the funding received from the Belgian State for Royal Park Investment, improved the liquidity position of Fortis Bank towards year-end.

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[1] Such a credit line for extremely urgent circumstances can only be granted by the Belgian National Bank in case of urgency and for an extremely short time period; it in no way constitutes a normal credit line that can continue to be used in the medium term.

On 31 December 2008, Fortis Bank needed, as of start of the day, to fund EUR 4.3 billion for overnight commitments. The bank could fund those during the day through transactions on the repo markets, wholesale funding and regular client deposit flows.

Going forward, a better structure of the balance sheet needs to be worked on. Fortis Bank recognizes this to be a key attention point and to that extend, the executive management will put very significant emphasis on better balancing the levels of deposits with the levels of loans. A short to mid-term focus for Fortis Bank is the reduction of the customer funding gap.

Nevertheless some elements of uncertainties regarding Fortis Bank's funding remain (related for instance to undrawn liquidity lines or unsecured funding). To that extend it is worth noticing that Fortis Bank makes currently very limited use of liquidity facilities offered by BNP Paribas. Hence in case the deal between the BNP Paribas, the Belgian State (through the SFPI/ FPIM) and Fortis Holding is approved and carried forward, this could open new sources of liquidity to Fortis Bank. Moreover the Belgian government has foreseen a guarantee scheme for Belgian financial institutions which has not been called upon by Fortis Bank at this stage.

6.5.1 Liquidity risk management

Fortis Bank revised its liquidity policy in 2008 to amend it for the new liquidity risk management organisation.

Liquidity risk management consists of managing funding resources while maintaining sufficient liquidity reserves. Such reserves can consist of portfolios of highly marketable assets. Those portfolios can then be liquidated or repoed in case of unforeseen interruption of funding resources or interbanking markets. Risk Management's primary goal is to ensure that Fortis Bank maintains sufficient cash and marketable assets to meet its current and future financial obligations at all times, in both normal and exceptional circumstances, for every currency in which it has an exposure, and for all its companies, including special purpose vehicles. The Bank ALCO is responsible for monitoring liquidity risk across Fortis Bank.

6.5.2 Liquidity risk reporting

Fortis Bank monitors the liquidity risk using the following 4 indicators that stem from 2 different sources: 2 indicators based on accounting information (the daily 'Customer Funding Gap' or CFG and the monthly 'Net Balance of Stable Funding' or NBSF) and 2 indicators based on liquidity cash flow (a monthly indicator: 'Structural Liquidity Gap' or SLG and a daily indicator: 'Short Term Liquidity' or STL).

6.5.2.1. The Customer Funding Gap (CFG)

Measures to what extent the loans given to customers are funded by deposits coming from customers (excluding all secured loans and deposits and including the saving certificates and the subordinated certificates). In this definition Saving Certificates (Kasbons) and Subordinated Certificates are also considered as customer deposits, as they are sold to retail clients.

6.5.2.2 The Net Balance Stable Funding

Focuses on the structural balance sheet: 'Stable' funding (liabilities, which generate a long term funding: stable deposits from customers, the medium and long term debt issues, the subordinated debt, the equity of the bank) minus 'not liquid' assets (assets that can not generate liquidity: loans to customers, the investment portfolio that can not be used as collateral to find secured funding, the participations, goodwill, the buildings,..). This indicator takes into account not only the customers disequilibrium, but also other parts of the balance sheet and gives a view on the long term funding gap of the bank.

6.5.2.3 The Structural Liquidity Gap (SLG)
Measures all the balance sheet commitments from a liquidity point of view: it segregates all the commitments according to their liquidity maturities. It aggregates the cash flows in a set of time buckets. For each time bucket, it adds all the cash flows of assets minus the sum of cash flows of liabilities (in this measurement 30% of undrawn LT committed lines are added to the assets). This expresses the structural liquidity mismatch risk of the balance sheet and the embedded cost of its potential hedge.

6.5.2.4 The Short Term Liquidity
Measures the treasury position on a daily basis in the next few weeks. It is the forecasted shortage of cash in the next weeks.

Reporting takes place in Global Markets for short-term liquidity risks, and ALM for medium-term liquidity risks. This enables the analysis of the liquidity profile of the different entities' balance sheets, including important financing vehicles in the form of SPEs. Special attention is also dedicated to securitised assets and their funding.

6.5.3 Liquidity risk limits
In addition to its reporting tools, Fortis Bank is developing a liquidity gap limit framework for its three desks in Brussels, New York and Hong Kong. The limits framework focuses on short-term liquidity risk and defines limits for overnight (O/N), tomorrow/next day (T/N) and spot/next day (S/N). While the O/N position is by definition the most important, T/N and S/N limits are necessary to enable any increase in the liquidity gap to be detected at an earlier stage. The limits are applied to the unsecured funding gap only.

The organisation of the Merchant Banking treasury activity in three hubs and three time zones means that positions can be rolled on from Hong Kong to Belgium and eventually on to New York. As such, New York is the ultimate lender and the USD is the currency of last resort.

6.5.4 Liquidity Transfer pricing
Fortis Bank uses a liquidity transfer pricing system. A regularly updated transfer pricing grid transfers the cost of liquidity, adapted to different currencies and maturities, to the business lines.

6.5.5 Contingency funding plan
The Contingency Funding Plan comes into effect whenever the liquidity position of Fortis Bank is threatened by exceptional internal or external circumstances that could lead to a liquidity crisis. The plan is designed to enable Fortis Bank to manage its liquidity sources without jeopardising its business franchise, while limiting excessive funding costs.

During a crisis, adequate information flows are crucial to ensure prompt decision-making and to avoid undue escalation of issues. The contingency plan therefore ensures that internal communication flows remain timely, clear and uninterrupted. It also ensures that appropriate external communication flows provide assurance to market participants, employees, clients, creditors, regulators and shareholders; the Communications department is one of the units usually involved.

6.5.6 Exposure to funding sources

Customer deposits (retail, commercial, corporate) form a significant part of the primary funding sources of the Bank. Current accounts and savings deposits of retail customers, although payable on demand or at short notice, contribute significantly to the long-term stability of the funding base. This stability depends on maintaining depositor confidence in Fortis Bank's solvency and sound liquidity management. Professional markets are accessed on a secured and unsecured basis to attract short-term funding. Reliance on unsecured borrowing is limited by means of the short-term limit system that puts a cap on unsecured position gaps. Monitoring of the issuance of short and long-term paper is centralised and access to the financial markets is coordinated by Global Markets (Group Treasury).

6.5.7 Accounting based maturity analysis

The table below shows Fortis Bank's assets and liabilities classified into maturity groupings based on the remaining period to the contractual maturity date. Demand and saving deposits are considered by Fortis Bank as a relatively stable core source of funding of its operations and are reported in the column No maturity. The lines Non-financial assets and Non-financial liabilities include the balancing temporary amounts between trade date and settlement date in the column Up to 1 month and the breakdown by maturity of the accrued interests.

	Up to 1 month	*1-3 months*	*3-12 months*	*1-5 years*	*Over 5 years*	*No maturity*	*Total*
At 31 December 2008							
Assets							
Fixed rate financial instruments	94,973	33,700	40,479	72,619	92,038	1,505	335,314
Variable rate financial instruments	11,394	4,913	10,222	41,665	67,343	3,717	139,254
Non-interest bearing financial instruments	2,467	961	1,483	1,371	554	7,710	14,546
Non-financial assets	52,023	8,827	6,822	16,883	10,822	2,286	97,663
Total assets	**160,857**	**48,401**	**59,006**	**132,538**	**170,757**	**15,218**	**586,777**
Liabilities							
Fixed rate financial instruments	166,717	50,606	35,044	38,915	55,889	19,588	366,759
Variable rate financial instruments	3,509	11,199	5,176	17,385	17,266	78,606	133,141
Non-interest bearing financial instruments	1,302	943	1,498	3,630	1,583	5,169	14,125
Non-financial liabilities	18,504	4,698	7,184	14,705	11,619	899	57,609
Total liabilities	**190,032**	**67,446**	**48,902**	**74,635**	**86,357**	**104,262**	**571,634**
Net liquidity gap	**(29,175)**	**(19,045)**	**10,104**	**57,903**	**84,400**	**(89,044)**	**15,143**
At 31 December 2007							
Total assets	192,408	65,170	73,503	103,047	200,361	132,724	767,213
Total liabilities	265,230	74,644	56,343	71,028	61,342	204,690	733,277
Net liquidity gap	**(72,822)**	**(9,474)**	**17,160**	**32,019**	**139,019**	**(71,966)**	**33,936**

6.6 Operational risk

All companies including financial institutions are subject to operational risk because of the uncertainty inherent in all business undertakings and decisions. This risk can be broken down into business risk and event risk.

Business risk is the risk of 'being in business', which affects any enterprise, financial or non-financial. It is the risk of loss due to changes in the competitive environment that damages the business's franchise or operating economics. Typically, the fluctuation originates with variations in volume, pricing or margins against a fixed cost base. Business risk is thus mostly externally driven (by regulatory, fiscal, market and or competition changes, as well as strategic, reputation risks and other related risks), but it can be mitigated by effective management practices.

Event risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal and compliance risk, but excludes strategic and reputation risk. Event risk is often internally driven (internal and external fraud involving employees, clients, products and business practices, as well as technological and infrastructure failures and other related malfunctions) and can be limited through management processes and controls.

6.6.1 Operational Risk and Management Control

One bank-wide framework

Fortis Bank opted for an all-embracing, single operational risk management framework for the entire bank that complies with the Basel 2 - criteria laid down in the Advanced Measurement Approach ('AMA'). It supports the organisation in achieving an increased operational risk awareness, in monitoring operational risk effectively and in measuring the operational risk profile and its associated own funds requirement.

The AMA framework is an integrated part of the overall Management Control Framework through which all management teams up to the Executive Board assess the risks that could jeopardize their business objectives. This process ultimately results in the Management Control Statements.

Supported by a strong operational risk governance

An appropriate risk management structure has been set up around a three levels of defence model, which puts the primary responsibility for operational risk management and mitigation with the businesses. The second line of defence role is assumed by the risk management functions. Their role is to ensure that the operational risk management framework is properly rolled out, that the risk profiles that are assessed, measured and managed reflect the true risk profile and that the resulting levels of own funds are adequate. In its third line of defence role, internal audit provides assurance on the proper implementation of the risk structures and policies.

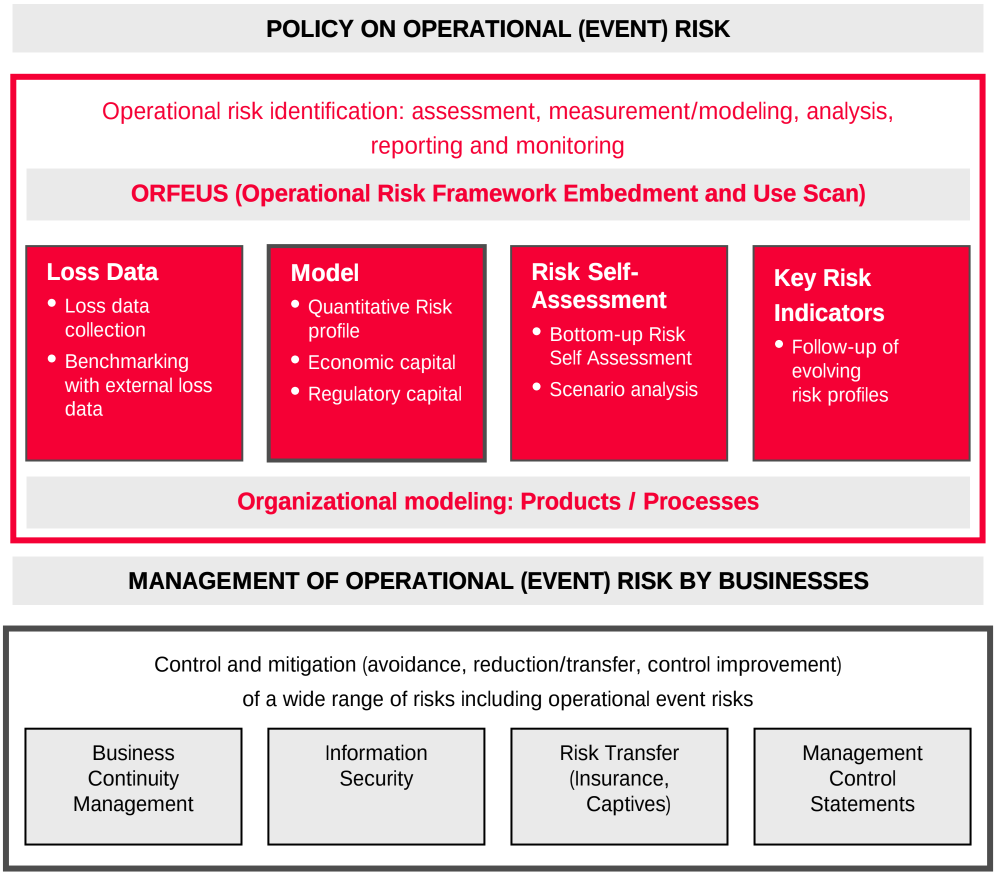
A framework encompassing the 4 required elements for an advanced measurement approach

- A first building block of the operational risk management framework is the **loss data collection**. Operational losses that occur throughout the organisation are systematically collected in a central database.
- Complementary to this internal loss data, Fortis Bank also uses **external loss data sources**. Firstly, Fortis is a founding member of ORX (Operational Risk eXchange association), which is a consortium of banks that exchange their anonymised operational risk data and which uses other members experience in operational risk management matters. Secondly, Fortis subscribed to the Fitch FIRST database and to the SAS Global database, which are public loss databases that contain material losses.
- Centrally in the framework are the **forward-looking risk assessments**, which define the risk profile of the bank and are used as primary input for the calculation of the own fund requirements.

- Risk assessment combine bottom-up Risk Self Assessments (RSA) and top-down Scenario Analysis. The bottom-up **Risk Self Assessment** provides insight in the operational risks that are closely related to the internal organisation and control environment. The RSA's are conducted within each business and support function at a reasonable level of detail and result in a description of the identified risks, an analysis of the causal drivers of these risks as well as in a description and an assessment of the control environment. Finally, the residual risk exposure is quantified.
- The top-down **Scenario Analysis** complements the operational risk profile for the more systemic or low frequency – high impact operational risks. It captures the operational risks the organisation is subject to because of the type of activities it is engaged in and the business environment in which it operates. Scenario Analyses is conducted at senior management level and is primarily based on the analysis of external loss data. Scenario documentation details the type of risk, the quality of the control environment and the quantification of the risk exposure.
- **Operational risk triggers (or Key Risk Indicators)** are followed up to alert for apparent changes in the operational risk profile due to internal or business environment factors.

Calculation of own funds requirements

Fortis Bank uses the most advanced methods to determine its required levels of own fund against operational risks. These methods are compliant with the so-called Advanced Measurements Approach (AMA).



6.6.2 Operational control and mitigation

Fortis Bank has a variety of tools to control and mitigate operational risk. Risk assessments, loss data analysis and key risk indicator movements enable the formalisation of actions to further control operational risks. These actions often relate to organisational and process context. Centrally coordinated operational risk mitigation techniques are business continuity management, information security measures, insurance and management control statements.

6.6.3 Business Continuity

6.6.3.1 Business continuity management

Business continuity management (BCM) is a management process that identifies potential threats to an organisation and the impacts on business operations that those threats, if realised, might have, and that provides a framework for building organisational resilience with the ability to make an effective response that safeguards the interests of its stakeholders, reputation, brand and value creating activities.

As a financial services organisation, Fortis Bank acknowledges the importance of BCM. It describes its approach in the Fortis Bank BCM policy document. This is based on international regulations and best practice guidelines as issued by:

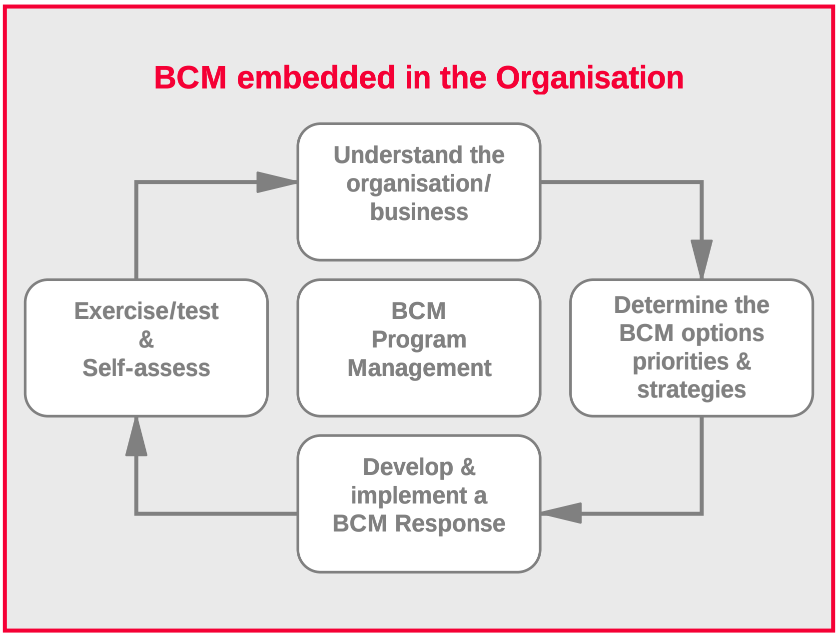
- The Basel Committee on Banking supervision: High Level Principles for Business Continuity
- The Business Continuity Institute: Good Practice Guidelines (BCI GPG)
- The British Standards Institute[1].

The scope of BCM at Fortis Bank is:

- Internal: Fortis Bank in all its dimensions (i.e. all Fortis Bank businesses and support functions, all countries, all Fortis Bank legal entities and subsidiaries)
- External: any third parties that process Fortis Bank information or provide other vital services or products that support mission-critical Fortis Bank services (external outsourcing).

[1] *The Publicly Available Standard 56: Guide to Business Continuity (PAS 56) and the Standard BS25999-1: Code of Practice for Business Continuity Management.*

The Fortis Bank BCM approach entails the following steps:

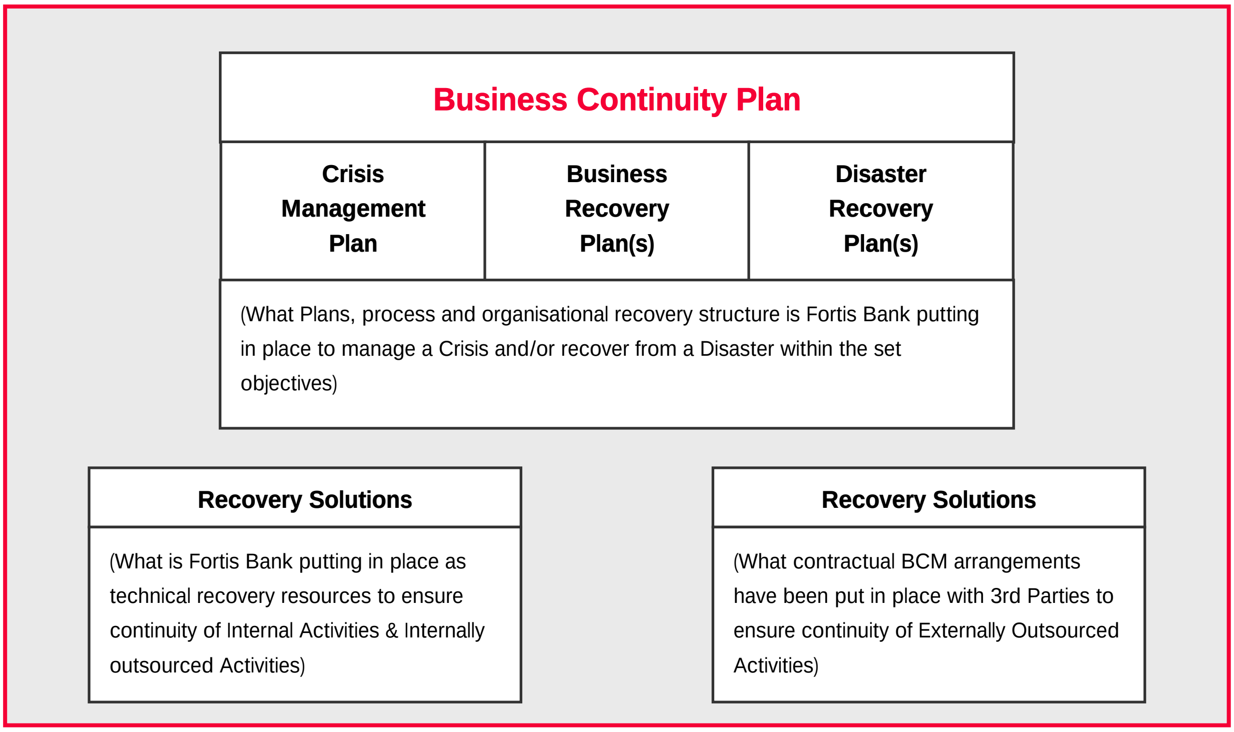


The Fortis Bank BCM approach must be embedded in the organisational culture and be implemented and maintained by BCM programme management, appropriate to the nature, size and complexity of the respective Fortis Bank Businesses to which it applies.

Information about the organisation's critical services and the activities and resources that are required to deliver these services are subjected to business impact analysis and risk analysis in order to understand what is happening within the organisation.

Once BCM options and strategy are determined, a range of strategic and tactical options can be evaluated. This allows an appropriate response to be chosen for each critical service, so that Fortis Bank can continue to deliver these services at an acceptable level of operation during and following any disruption. The choices will take cognisance of the resilience and countermeasures already present at Fortis Bank.

These actions result in the creation of a BCM response including plans that detail the steps to be taken to resume activities before, during and after an incident.



Lastly, Fortis Bank needs to be able to demonstrate that its strategies and plans are effective, credible and suitable for their purpose by exercising, testing and self-assessing the BCM response.

6.6.3.2 Risk transfer through insurance

Fortis Bank recognises insurance as a valid tool to transfer the effects of operational risk to the external market. CRM coordinates this insurance centrally, and more precisely handles the transfer of specific event risks such as financial losses due to fraud, computer crime, professional liability and personal liability.

In line with industry practices, Fortis Bank purchases following insurance policies from third-party insurers:

- Combined Bankers Blanket Bond,
- Computer Crime Insurance,
- Professional Liability Insurance

In addition to this external insurance cover, Fortis Bank uses internal reinsurance captives to finance operational risks. In this way the deductibles of the external Combined Bankers Blanket Bond, Computer Crime and Professional Liability Insurance are reinsured as risk retention by an internal captive.

6.6.3.3 Management control statements (MCS)

While operational risk management focuses mainly on operational event risks, management control is mostly concerned with business risk (including strategic and reputation issues). However, operational risk management and management control are interrelated:

- methods of risk assessment, control assessment and remediation of weaknesses are similar
- results of the operational (event) risk self-assessments serve as input for the risk assessment performed by senior management, as part of the annual management control statement procedure that is coordinated by CRM.

Management teams sign their management control statements and formulate action plans (if necessary) to improve steering/control. CRM coordinates reporting on the follow-up to those action plans. The MCS is an attestation, every year-end, of the functioning of the risk management and internal control system during the year.

7 Supervision and solvency

7.1 Regulatory capital adequacy assessment

7.1.1 Framework

As a financial institution, Fortis Bank is subject to regulatory supervision.

At a consolidated and statutory level, Fortis Bank is supervised by the CBFA (Banking, Finance and Insurance Commission). Fortis Bank's subsidiaries can also be subject to regulations of various supervisory authorities in the countries where the subsidiaries operate.

Regulators require banks to hold a minimum level of qualifying capital (8% of the risk weighted assets). Since 2008, Fortis Bank computes its qualifying capital and its risk weighted assets under the Basel 2 Framework.

The CBFA has granted Fortis Bank its approval for using the most advanced approaches for calculating the risk weighted assets under Basel II: Advanced Internal Ratings Based Approach for credit risk and Advanced Measurement Approach for operational risk.

Qualifying capital for regulatory purpose is at consolidation level calculated based on IFRS accounting rules and taking into account prudential filters imposed by the CBFA, in line with the EU Capital Requirements Directive, as described in the Circulaire PPB 2007-1-CPB of the CBFA.

7.1.2 Assessment

The table below details the composition of the regulatory capital of Fortis Bank :

	31 December 2008	*31 December 2007*
	Basel 2	*Basel 1*
Share Capital and Reserves	37,967	32,352
Net profit attributable to shareholders	(20,556)	1,781
Unrealised gains and losses	(5,048)	(697)
Shareholders' Equity	**12,363**	**33,436**
Non-innovative hybrid capital instruments	1,579	2,756
Minority Interests	2,780	430
- Revaluation of debt securities, net of tax	5,170	1,071
- Revaluation of equity securities, net of tax	-	(385)
- Goodwill	(1,886)	(1,025)
- Expected dividend	-	-
- Other	(335)	(13,031)
Core Tier 1 Capital	**19,671**	**23,252**
Innovative Hybrid Capital Instruments	1,993	2,440
Tier 1 Capital	**21,664**	**25,692**
Subordinated loans	17,965	15,581
Prudential filters on total capital	(1,557)	(14,042)
Total Capital	**38,072**	**27,231**

The table below shows the key capital indicators:

	2008	2008	2007
	Basel 2	*Basel 1*	*Basel 1*
Tier 1 Capital	21,664	21,402	25,692
Total capital	38,072	37,260	27,231
Risk-weighted assets	**203,405**	**220,260**	**270,207**
Credit risk	175,171	197,195	249,280
Market risk	13,945	23,065	20,927
Operational risk	14,289		
Core Tier 1 ratio	9.7%		8.6%
Tier 1 ratio	10.7%	9.7%	9.5%
Total capital ratio	18.7%	17.0%	10.1%

Fortis Bank’s share capital has been strengthened in September and October 2008 following the EUR 4.7 billion capital injection from the Belgian State and a mandatory convertible loan of the EUR 2.5 billion from the Luxembourg State in Fortis Bank Luxembourg SA (of which EUR 2.4 billion has been converted in equity and EUR 0.1 billion in a subordinated convertible debt). Following the sale of the Dutch activities, the capital ratio’s improved in 2008. The capital loss on the sale of FBN (H) and the deconsolidation of Tier 1 and Tier 2 capital instruments issued by FBN(H) were more than offset by the cancellation of the EUR 24 billion deduction of FBN(H) participation in RFS Holdings (the financial vehicle holding Fortis Bank’s stake in ABN AMRO of which 50% was deducted from Tier 1 and 50% from Tier 2) and by the deconsolidation of FBN (H) related risk weighted assets.

The risk weighted assets at 31 December still includes the structured credit securities to be transferred to a Special Purpose Vehicle according to the agreement between the SFPI/FPIM, Fortis Holding and BNP Paribas. This transfer will reduce the amount of risk weighted assets and hence improve the capital ratio’s of Fortis Bank in 2009.

Fortis Bank Tier 1 ratio stands at 10.7 % and the Total capital ratio amounts to 18.7 % at 31 December 2008, well above the regulatory minimum.

In the table above, the 2007 figures are calculated based on the Basel 1 regulations and include the FBN(H) risk weighted assets. Under Basel 1, no capital charges were applied for operational risk.

According to the implementation of the Basel 2 regulations, capital requirements calculated under the Basel 2 Advanced calculations framework cannot go below 90% of the Basel 1 computed capital requirements. Fortis Bank Basel 2 capital requirements were in 2008 above the 90 % Basel 1 floor and no adjustment was required. In 2009, the regulatory imposed floor will be equal to 80% of the Basel 1 capital requirements.

7.2 Capital Management objectives

Fortis Bank manages capital and risk, taking into account three main different views as regards capital adequacy: the regulatory view, the rating view and the economic view. Those views are complemented with stress tests to secure external capital requirements.

In addition to the minimum regulatory capital requirements (8 % of the risk weighted assets), additional targets were defined by Fortis Bank in 2008, being a target Tier 1 ratio of 7 % and a target core Tier 1 ratio of 6 % (core Tier 1 capital being Tier 1 capital minus innovative hybrids). These targets are under review and will be adjusted to take into account the full implementation of the Basel 2 framework and the changed market expectations.

8 Post-employment benefits, Other long-term employee benefits and Termination benefits

Post-employment benefits are employee benefits, such as pensions and post-employment medical care, which are payable after the completion of employment. Other long-term employee benefits are employee benefits that are not due to be settled within twelve months after the end of the period in which the employees render the related service. Termination benefits are employee benefits payable as a result of a commitment of the employer either to terminate the employment before the normal retirement date, or to provide benefits in order to encourage voluntary redundancy.

8.1 Post-employment benefits

8.1.1 Defined benefit pension plans and other post-employment benefits

Fortis Bank operates defined benefit pension plans covering the majority of its employees. Many of these plans are closed to new employees. Some plans are funded partly by means of employee contributions.

Under these plans, benefits are calculated based on years of service and level of salary. Pension obligations are determined on the basis of mortality, employee turnover, wage drift and economic assumptions such as inflation and discount rate. Discount rates by country or region are set on the basis of the yield (at closing date) of debt securities of similar duration, issued by blue-chip companies or by the government in the absence of a representative corporate market.

Up to the end of September 2008, Fortis Bank had defined benefit plans that were funded through related insurance companies. Accordingly, the assets backing the pension liabilities were non-qualifying as plan assets, and had to be considered as 'reimbursement rights' under IAS 19. At year end 2008, as the insurance companies and Fortis Bank are legally separate entities, these assets are qualifying as plan assets and may thus be netted to the Defined pension liabilities.

In addition to pensions, post-employment benefits also include other post-employment benefits, such as reimbursement of a part of the health insurance premiums and favourable conditions on financial products, such as mortgage loans, which continue to be granted to employees after retirement.

The following table provides details of the amounts shown in the balance sheet as at 31 December regarding pension plans and other post-employment benefits.
Figures of 2008 do not include Fortis Bank Nederland (Holding) and its subsidiaries which have been sold to the Government of the Netherlands on 3 October 2008.

	Defined benefit pension plans				*Other post- employment benefits*			
	2008	*2007*	*2006*	*2005*	*2008*	*2007*	*2006*	*2005*
Present value of funded obligations	2,851	4,460	4,659	4,925				
Present value of unfunded obligations	6	142	156	157		63	60	301
Defined benefit obligation	**2,857**	**4,602**	**4,815**	**5,082**		**63**	**60**	**301**
Fair value of Plan assets	(2,893)	(3,030)	(2,942)	(2,878)				
Fair value of Reimbursement rights		(1,871)	(1,831)	(1,813)				
Net recognized Defined benefit obligations	**(36)**	**(299)**	**42**	**391**		**63**	**60**	**301**
Unrecognised actuarial gains (losses)	(251)	345	210	(226)		11	11	(32)
Unrecognised past service cost	(1)	(8)	(11)	(5)				
Unrecognised assets due to Asset ceiling	247	213	167	143				
Net Defined benefit liabilities (assets)	**(41)**	**251**	**408**	**303**		**74**	**71**	**269**
Amounts in the balance sheet:								
Defined benefit liabilities	260	2,149	2,263	2,120		74	71	269
Defined benefit assets	(301)	(1,898)	(1,855)	(1,817)				
Net Defined benefit liabilities (assets)	**(41)**	**251**	**408**	**303**		**74**	**71**	**269**

Defined benefit liabilities are classified under ‘Accrued interest and other liabilities’ (see note 30) and Defined benefit assets are classified under ‘Accrued interest and other assets’ (see note 22).

The following table reflects the changes in the Net Defined benefit liabilities (assets).

	Defined benefit pension plans		*Other post- employment benefits*	
	2008	*2007*	*2008*	*2007*
Net Defined benefit liabilities (assets) as at 1 January	**251**	**408**	**74**	**71**
Net Defined benefit liabilities (assets) of discontinued operations as at 1 January	(270)		(73)	
Change in consolidation scope	3		(1)	
Net Defined benefit liabilities (assets) of continuing operations as at 1 January	**(16)**			
Total Defined benefit expense	117	119	1	10
Contributions received on plan assets	(34)	(175)		
Contributions received on Reimbursements rights	(113)	(100)		
Benefits paid in the year by the employer	(3)		(1)	(5)
Acquisitions and disposals of subsidiaries	3			
Transfer	1	(2)		(1)
Foreign exchange differences	4	1		(1)
Other				
Net Defined benefit liabilities (assets) as at 31 December	**(41)**	**251**		**74**

The table below shows the changes in the Defined benefit obligation.

	Defined benefit pension plans		*Other post- employment benefits*	
	2008	*2007*	*2008*	*2007*
Defined benefit obligation as at 1 January	**4,602**	**4,815**	**63**	**60**
Defined benefit obligation of discontinued operations as at 1 January	(1,952)		(62)	
Change in consolidation scope	(7)		(1)	
Defined benefit obligation of continuing operations as at 1 January	**2,643**			
Current service cost	100	146	1	5
Participants' contributions	12	9		
Interest cost	144	228		3
Actuarial losses (gains) on Defined benefit obligation	198	(310)		(3)
Participants' contributions paid to the employer				
Benefits paid in the year	(260)	(300)		
Benefits paid in the year by the employer	(3)		(1)	(5)
Past service cost - non-vested benefits during the year				3
Past service cost - vested benefits during the year	37			
Acquisitions and disposals of subsidiaries	60			
Curtailments				
Settlements	(3)	(2)		
Transfer	2	6		1
Foreign exchange differences	(73)	10		
Other				(1)
Defined benefit obligation as at 31 December	**2,857**	**4,602**		**63**

The following table shows the changes in the fair value of Plan assets.

	Defined benefit pension plans		*Other post- employment benefits*	
	2008	*2007*	*2008*	*2007*
Fair value of Plan assets as at 1 January	**3,030**	**2,942**		
Fair value of Plan assets of discontinued operations as at 1 January	(1,854)			
Change in consolidation scope	(10)			
Fair value of Plan assets of continuing operations as at 1 January	**1,166**			
Expected return	89	182		
Actuarial gains (losses) of the year	(90)	(103)		
Employer's contributions	34	175		
Participants' contributions	12	9		
Benefits paid in the year	(110)	(173)		
Acquisitions and disposals of subsidiaries	57			
Transfer		(24)		
Settlements	2	(2)		
Foreign exchange differences	(122)	24		
Other				
Transfer of Reimbursement rights	1,855			
Fair value of Plan assets as at 31 December	**2,893**	**3,030**		

The following table shows the changes in the fair value of the Reimbursements rights.

	Defined benefit pension plans		*Other post- employment benefits*	
	2008	*2007*	*2008*	*2007*
Fair value of Reimbursements rights at 1 January	**1,871**	**1,831**		**-**
Expected return	101	88		
Actuarial gains (losses) of the year	(79)	(49)		
Employer's contributions	113	100		
Participants' contributions				
Benefits paid in year	(150)	(127)		
Acquisitions and divestments of subsidiaries				
Transfer		28		
Foreign exchange differences				
Other				
Settlement	(1)			
Transfer of Reimbursement rights	(1,855)			
Fair value of Reimbursements rights at 31 December		**1,871**		**-**

Actuarial gains (losses) on plan assets and reimbursement rights are mainly the difference between the actual and expected return.

The following table shows the actual return on Plan assets and Reimbursement rights for defined benefit pension plans.

	Defined benefit pension plans		*Other post- employment benefits*	
	2008	*2007*	*2008*	*2007*
Actual return on Plan assets	(1)	80		
Actual return on Reimbursements rights	22	41		

The following table shows the changes in the total of unrecognised actuarial gain (losses).

	Defined benefit pension plans		*Other post- employment benefits*	
	2008	*2007*	*2008*	*2007*
Unrecognised actuarial gains (losses) as at 1 January	**345**	**210**	**11**	**11**
Unrecognised actuarial gains (losses) of discontinued operations as at 1 January	(180)		(11)	
Unrecognised actuarial gains (losses) of continuing operations as at 1 January	**165**			
Actuarial gains (losses) of the year on Defined benefit obligation	(198)	310		3
Actuarial gains (losses) of the year on Plan assets	(90)	(103)		
Actuarial gains (losses) of the year on Reimbursement rights	(79)	(49)		
Recognised actuarial losses (gains) resulting from Asset ceiling	(49)	(5)		
Curtailments				
Settlements	2			
Amortisation of unrecognised actuarial losses (gains) on Defined benefit obligation	(3)	(5)		
Amortisation of unrecognised actuarial losses (gains) on Reimbursement rights		(7)		
Amortisation of unrecognised actuarial losses (gains) on Plan assets				(1)
Acquisitions and disposals of subsidiaries				
Transfer		(5)		(1)
Foreign exchange differences	1			
Other		(1)		(1)
Unrecognised actuarial gains (losses) as at 31 December	**(251)**	**345**		**11**

The table below shows the changes in the total of unrecognised assets due to asset ceiling.

	Defined benefit pension plans	
	2008	*2007*
Unrecognised Assets due to Asset ceiling as at 1 January	**213**	**167**
Recognised actuarial gains (losses) resulting from Asset ceiling	49	5
Impact of Asset ceiling in income statement	31	25
Curtailments		
Settlements		
Acquisitions and disposals of subsidiaries		
Transfer		
Foreign exchange differences	(46)	15
Other		1
Unrecognised Assets due to Asset ceiling as at 31 December	**247**	**213**

The following table shows the changes in unrecognised Past service cost.

	Defined benefit pension plans		*Other post- employment benefits*	
	2008	*2007*	*2008*	*2007*
Unrecognised Past service costs as at 1 January	**8**	**11**		
Unrecognised Past service costs of discontinued operations as at 1 January	(8)			
Unrecognised Past service costs of continuing operations as at 1 January				
Unrecognised Past service cost - non-vested benefits				3
Amortisation		(2)		(3)
Curtailments				
Settlements				
Divestments of subsidiaries				
Transfer	1	(1)		
Other				
Foreign exchange differences				
Unrecognised Past service costs as at 31 December	**1**	**8**		

Experience adjustments are actuarial gains and losses that arise because of differences between the actuarial assumptions made at the beginning of the year and actual experience during the year.

The following table shows experience adjustments to Plan assets, Reimbursement rights and Defined benefit obligations.

	Defined benefit pension plans				*Other post- employment benefits*			
	2008	*2007*	*2006*	*2005*	*2008*	*2007*	*2006*	*2005*
Experience adjustments on Plan assets, gain (loss)	(156)	(104)	(42)	96				
As % of Plan assets at 31 December	(5.39%)	(3.43%)	(1.44%)	3.72%				
Experience adjustments on Reimbursements rights, gain (loss)		(20)	(29)	40				
As % of Reimbursements rights at 31 December		(1.08%)	(0.47%)	(0.48%)				
Experience adjustments on Defined benefit obligation, (gain) loss	101	77	118	28		4	42	4
As % of Defined benefit obligation at 31 December	3.54%	1.67%	2.31%	0.60%		(5.62%)	9.52%	(0.96%)

The following table shows the components of expenses related to the defined benefit pension plans and other post-employment benefits for the year ended 31 December.

	Defined benefit pension plans		*Other post- employment benefits*	
	2008	*2007*	*2008*	*2007*
Current service cost	100	146	1	5
Interest cost	144	228		3
Expected return on Plan assets	(89)	(182)		
Expected return on Reimbursement rights	(101)	(88)		
Past service cost - vested benefits	37			
Amortisation of unrecognised Past service cost		2		3
Amortisation of unrecognised actuarial losses (gains) on Defined benefit obligation	(3)	(12)		(1)
Amortisation of unrecognised actuarial losses (gains) on Plan assets				
Amortisation of unrecognised losses (gains) on Reimbursement rights				
Impact of Asset ceiling in income statement	31	25		
Curtailments				
Settlements	(2)			
Total Defined benefit expense	**117**	**119**	**1**	**10**

Current service cost, vested past service cost, amortisation of unrecognised past service cost, amortisation of unrecognised losses (gains) on the Defined benefit obligation impacting liabilities, curtailments and settlements are included in Staff expenses (see note 43). All other Defined benefit expense items are included in Interest expenses.

The following table shows the principal actuarial assumptions at the end of the year used for the euro-zone countries.

	Defined benefit pension plans				*Other post-employment benefits*			
	2008		*2007*		*2008*		*2007*	
	Low	*High*	*Low*	*High*	*Low*	*High*	*Low*	*High*
Discount rate	4.45%	6.00%	4.70%	5.35%	4.80%	5.50%	4.20%	4.20%
Expected return on Plan assets	3.25%	6.00%	5.00%	6.00%				
Expected return on Reimbursement rights			3.46%	5.50%				
Future salary increases (price inflation included)	2.00%	4.10%	2.14%	4.00%	3.50%	3.50%		2.30%
Future pension increases (price inflation included)	2.20%	2.20%	1.90%	1.90%	2.50%	2.50%		1.80%

The following table shows the principal actuarial assumptions at the end of the year used for other countries.

	Defined benefit pension plans		*Other post-employment benefits*	
		2008		*2007*
	Low	*High*	*Low*	*High*
Discount rate	6.30%	12.00%	5.60%	11.00%
Expected return on Plan assets	6.15%	12.14%	5.25%	11.70%
Future salary increases (price inflation included)	4.90%	8.50%	3.00%	8.50%
Future pension increases (price inflation included)	3.40%	5.50%	1.25%	5.50%
Medical cost trends rates	5.50%	5.50%	6.50%	6.50%

The euro zone represents 91% of Fortis Bank's total benefit obligations. Other countries include primarily obligations in Turkey and the United Kingdom. Other post-employment benefits within countries outside the euro zone are not regarded as material.

Fortis Bank uses the Government Bonds market as reference for the expected return on bonds and adds a risk premium to that return for corporate bonds, equity securities and real estate.

Fortis Bank does only have a Defined benefit health & care scheme in Turkey. The Defined Benefit Obligation as at 31 December 2008 was EUR 46 million.

A one-percent change in assumed medical cost trend rates would have the following effect on the Defined benefit obligation and Defined benefit expense for medical costs:

	One-percent increase	*One-percent decrease*
Effect on the Defined benefit obligation - medical costs	15.0%	(19.0%)
Effect on the total Defined benefit expense - medical costs	0.0%	0.0%

The Plan assets comprise predominantly fixed-income securities and investment contracts with insurance companies. Fortis Bank's internal investment policy stipulates that investment in derivatives and emerging markets for the purpose of funding pension plans is to be avoided (with the exception of the Turkish plans). The asset mix of the Plan assets is as follows:

	2008	*2007*
Equity securities	10%	18%
Debt securities	73%	58%
Insurance contracts	6%	7%
Real estate	1%	4%
Convertibles	1%	3%
Other	1%	5%
Cash	8%	4%

The category Other consists mainly of mortgage loans and high-yield bonds. Investments in hedge funds are limited.

Derivatives are used only to limit the plan exposures to interest rate risk.

To administer pension plan assets, Fortis Bank applies general guidelines about strategic asset allocation based on criteria such as geographical distribution and rating. Asset and Liability Management studies are carried out periodically in order to keep the investment strategy in balance with the structure of the pension benefit obligation. According to these guidelines and the results of the studies, the asset allocation is decided for each scheme at company level.

The pension plan assets comprise no Fortis Bank's own financial instruments.

The employer's contributions expected to be paid to post-employment benefit plans for the year ended 31 December 2009 are as follows:

	Defined benefit pension plans	*Other post-employment benefits*
Expected contribution for schemes with Plan assets next year	124	-

8.1.2 Defined contribution plans

Fortis Bank operates a number of defined contribution plans worldwide. The employer's commitment in a defined contribution plan is limited to the payment of contributions calculated in accordance with the plan regulations. Employer contributions for defined contribution plans amounted to EUR 56 million in 2008 (2007: EUR 46 million) and are included in Staff expenses (see note 43).

8.2 Other long-term employee benefits

Other long-term employee benefits include for example jubilee premiums and deferred bonus plans. The table below shows liabilities related to other long-term employee benefits included in the balance sheet under 'Accrued interest and other liabilities' (see note 30).

	2008	*2007*
Present value of the Defined benefit obligation	105	115
Fair value of Plan assets	(3)	(3)
Net Defined liability	**102**	**112**

The following table shows the changes in Liabilities for other long-term employee benefits during the year.

	2008	*2007*
Net Defined liability as at 1 January	**112**	**97**
Net Defined liability of discontinued operations as at 1 January	(22)	
Net Defined liability of continuing operations as at 1 January	**90**	
Total expense	30	12
contributions received on plan assets	(2)	(6)
Benefits paid in the year by the employer	(16)	
Foreign exchange differences		
Acquisitions and divestments of subsidiaries		
Transfer		(1)
Other		10
Net Defined liability as at 31 December	**102**	**112**

The table below provides the range of actuarial assumptions applied in calculating the Liabilities for other long-term employee benefits.

	2008		*2007*	
	Low	*High*	*Low*	*High*
Discount rate	5.00%	5.25%	4.70%	6.50%
Salary increase	3.40%	4.20%	3.30%	5.00%

Expenses related to other long-term employee benefits are shown below. Interest cost is included in Interest expenses (note 39), all other expenses are included in Staff expenses (note 43).

	2008	*2007*
Current service cost	19	12
Interest cost	2	3
Expected return on Plan assets		
Net actuarial losses (gains) recognised immediately	9	(3)
Past service costs recognised immediately		
Losses (gains) of curtailments or settlements		
Total expense	**30**	**12**

8.3 Termination benefits

The following table shows the changes in Liabilities for Termination benefits during the year.

	2008	*2007*
Net Defined liability as at 1 January	**166**	**139**
Total expense	173	17
Benefit paid in the year by the employer	(78)	(87)
Acquisitions and divestments of subsidiaries		
Foreign exchange differences	(2)	1
Transfer	2	96
Other	1	
Net Defined liability as at 31 December	**262**	**166**

The expense shown for 2008 corresponds mainly to a new termination provision for new early departures in Belgium.

9 Employee share option and share purchase plans

Fortis Bank includes share-related instruments in the remuneration package of its employees and executive directors. These benefits take the form of:

- Employee share-options ; and
- Shares offered at a discount

9.1 Employee share-options

Fortis Bank decides each year whether or not to offer options to its employees. In recent years Fortis Bank has offered options on Fortis shares to senior managers in order to strengthen their commitment to Fortis Bank and to align their interests. The features of the option plans may vary from country to country depending on local-tax regulations. There is a difference between conditional and unconditional options. Unconditional options are granted to employees who work in countries where options are subject to taxation directly upon being granted. Conditional options are granted to employees in countries where the options are taxed upon exercise. Conditional options become vested if the employee is still employed after a period of five years. In general, options may not be exercised until five years after they are granted, regardless of whether they are conditional or unconditional.

The following option plans, including options granted to executive directors, were outstanding as at 31 December 2008. The exercise prices in the tables below are expressed in EUR.

	Outstanding options (in '000)	*Weighted average exercise price*	*Highest exercise price*	*Lowest exercise price*
2008				
Lapsing year				
2009	8,614	24.41	32.15	12.44
2010	4,671	29.04	29.50	15.31
2011	388	22.07	22.28	21.08
2012	962	21.17	26.58	18.65
2013	1,636	14.24	27.23	12.17
2014	1,710	14.88	16.46	14.18
2015	1,753	18.55	18.65	18.41
2016	2,467	24.61	24.68	24.49
2017	2,832	28.03	28.62	27.23
2018	2,766	15.44	16.46	15.06
Total	**27,799**	**22.97**		

2007				
Lapsing year				
2008	294	27.48	29.07	21.08
2009	8,755	24.60	24.96	21.08
2010	4,675	29.05	29.05	29.05
2011	390	24.47	24.68	21.08
2012	964	21.08	21.22	21.08
2013	2,326	12.32	12.44	12.17
2014	2,398	15.07	15.31	14.78
2015	2,501	18.55	18.65	18.41
2016	3,305	24.49	24.49	24.49
2017	3,779	28.04	28.62	27.23
Total	**29,387**	**23.96**		

The changes in outstanding options were as follows:

	2008		2007	
	Number of options (in '000)	*Weighted average exercise price*	*Number of options (in '000)*	*Weighted average exercise price*
Options at 1 January	**29,387**	**23.96**	**27,911**	**23.04**
Options of discontinued operations at 1 January	(3,500)			
Options of continuing operations as at 1 January	**25,887**			
Options granted to employees	2,266		6,008	28.71
Exercised options	(60)		(3,022)	
Lapsed	(294)		(1,510)	
Options at 31 December	**27,799**	**22.97**	**29,387**	**23.96**
On existing Fortis shares	120		97	
On new Fortis shares	27,679		29,290	
Of which are conditional	4,670		9,702	
Of which are unconditional	23,129		19,685	
Exercisable in the money				
Exercisable out of the money	16,271		14,486	25.87

In 2008, Fortis Bank recorded EUR 6 million as Staff expenses with respect to the option plans (2007 : EUR 19 million).

The options granted by Fortis Bank are ten-year American at-the-money call options with a five-year vesting period, the value is based on the simple-Cox model.

The following parameters were used to calculate the fair value of the options granted:

	2008	2007
Date of grant of options	02 April 2008	31 March 2007
First exercise date	02 April 2013	02 April 2012
Final maturity	05 March 2018	02 April 2017
Dividend yield	6.14%	5.82%
10-year interest rate	4.36%	4.08%
Share price on date of grant	15.06	32.53
Volatility	37.77%	26.04%
Fair value of options as % of exercise price	21.94%	15.30%

All option plans and share plans (see below) are settled by the delivery of Fortis shares rather than in cash. Some option plans and share plans specifically state that existing shares must be delivered upon exercise. New shares may be issued in other cases.

9.2 Shares offered to staff

Fortis Bank offered its staff the opportunity to buy shares at a discount in 2002, 2003 and 2004. The terms of the offer varied from country to country, depending on local tax regulations. In all cases, shares could not be sold until five years after purchase.

The following table provides an overview of the shares allocated to staff at a discount (no shares were offered to staff since 2004).

(number of shares in '000)	*2004*	*2003*
Number of shares subscribed	2.114	2.004
Share price	15.64	12.04
End of holding period	2 November 2009	3 November 2008

10 Remuneration of Board of Directors

For 2008 the total remuneration, including benefits in kind and pension costs, of current and former executive and non executive members of the Board of Directors paid and payable by Fortis Bank is EUR 8.0 million (total remuneration of current and former members was EUR 7.5 million in 2007).

This amount includes for executive directors, directors fees as well as compensation and benefits in kind received under their current employment contract. No bonuses have been paid for the year 2008.

The figures in the table below are expressed in euros.

	Present in 2008 but not any more in 2009		*Present still in 2009 Remuneration paid as directors*	*Present still in 2009 Remuneration paid as employees*		*Total*
Executive directors	2,031,218		1,343,275	1,806,288		5,180,781
Non executive directors	2,174,837	(1)	662,500			2,837,337
Total	**4,206,055**	**(1)**	**2,005,775**	**1,806,288**	**(2)**	**8,018,118**

(1) The total amount of remuneration includes termination benefits and indemnity of non competition for EUR 2.0 million (2 directors) (2007: EUR 1.6 million). Considering the then applied governance within Fortis group, the decisions to terminate the executive roles of the directors involved, leading to the payment of these amounts, have been taken by Fortis and the payment by Fortis Bank was subsequently ratified by the Board of Directors of Fortis Bank. Part of the payment was made by Fortis and part by Fortis Bank.

(2) also included in chapter 43 – staff expenses.

In 2008, the number of options granted to the board members was 14,479 (2007: 143,281).

In 2008, 15,842 restricted shares have been granted to current and former board members (2007: 107,697).

11 Audit fees

Fees paid to Fortis Bank's auditors for 2008 and 2007 can be broken down into the following components:

- audit fees, which include fees for auditing the statutory and consolidated financial statements, and quarterly and other reports ;
- audit-related fees, which include fees for work performed on prospectuses, non-standard auditing and advice on acquisitions ;
- fees for tax advice ; and
- other non-audit fees, which include fees for support and advisory services.

The breakdown of the audit fees for the year ended 31 December is as follows:

		2008		2007
	Total Fortis Bank Statutory Auditors	Other Fortis Bank Auditors	Total Fortis Bank Statutory Auditors	Other Fortis Bank Auditors
Audit fees	3	10	4	12
Audit-related fees	1	3	1	3
Tax fees		1		1
Other non-audit fees		6		4
Total	**4**	**20**	**5**	**20**

As at 31 December 2008 (and 31 December 2007), the statutory auditors of Fortis Bank were:

- Klynveld Peat Marwick Goerdeler (KPMG) Réviseurs d'entreprises sccrl, represented by Olivier MACQ.
- PricewaterhouseCoopers Réviseurs d'entreprises sccrl, represented by Luc DISCRY.

12 Related parties

Parties related to Fortis Bank

Parties related to Fortis Bank as at 31 December 2008 include:

- associates and joint ventures
- members of the Board of Directors of Fortis Bank
- close family members of any individual referred to above
- entities controlled or significantly influenced by any individual referred to above
- other related entities such as non-consolidated subsidiaries and pension funds.

Transactions between Fortis Bank and its subsidiaries, which are parties related to Fortis Bank, have been eliminated upon consolidation and are not disclosed in this note.

During the fourth quarter of 2008, 99.93% of Fortis Bank's shares were acquired by the Société Fédérale de Participations et d'Investissement / Federale Participatie- en Investeringsmaatschappij (SFPI/FPIM).

The SFPI/FPIM is 100% owned by the Belgian State.

As a result, the following parties are also related to Fortis Bank as at 31 December 2008:

- SFPI/FPIM, as directly controlling Fortis Bank
- the Belgian State, as indirectly controlling Fortis Bank
- other Belgian state-controlled enterprises under common control (excluding local, regional and supra-national organisations, and local authorities and municipalities)

Given the diversity and the important number of public bodies linked to the Belgian state it was impracticable to identify all transactions with these bodies since the acquisition date of Fortis Bank by the SFPI/FPIM.

Relations with the Belgian State, the National Bank of Belgium (NBB) and the SFPI/FPIM

Fortis Bank participates in a number of schemes contributing to liquidity and operated by the National Bank of Belgium.

These market operations provide market participants with funding at normal market prices, on a tender basis and mainly in the form of repos. These transactions generally occurred through the NBB in the context of the ECB monetary policy. At 31 December 2008, the contribution to liquidity of these operations amounted to EUR 33 billion.

At 31 December, Fortis Bank benefited from deposits made by the SFPI/FPIM amounting to EUR 5.2 billion.

Fortis Bank also holds a significant investment portfolio of Belgian government bonds and treasury bills.

Transactions entered into with the Belgian State at 31 December 2008 are:

Assets	
Balances at Central Banks	2,376
Debt securities	14,180
Derivatives	355
Loans and Advances to customers	3,277
Loans and Advances to banks	6,766
Other	1,245
Liabilities	
Customers Accounts	5,283
Deposit by banks	37,250
Derivatives	1,991
Other	371

Relations with Belgian state-controlled enterprises and other state-related organisations

Fortis Bank supplies financial services to various Belgian state-controlled enterprises and to other related parties in the course of its business operations. These services mainly concern Public Banking (part of Merchant Banking) and do not represent a significant component of Fortis Bank's net revenue. The services provided include all the skills offered by Fortis Bank, including credit facilities, global market products, cash management, long- and short-term investment products etc.

Transactions entered into with the most significant Belgian state – controlled enterprises are at 31 December 2008:

Assets	
Debt securities	4
Derivatives	13
Loans and Advances to customers	60
Other	2
Liabilities	
Customers Accounts	45
Other	2

Fortis Bank has also received guarantees from Ducroire/Delcredere, the public credit insurer of export-related transactions.

In the context of its normal commercial activities Fortis Bank can be in relation with all state related organisations. Fortis Bank enters in relation with those bodies mainly in the context of day to day business transactions. These transactions occur on an arms' length basis. Given the diversity and the volume of these transactions, it was impracticable to give quantified disclosures at 31 December 2008.

Relations with key management personnel

Fortis Bank may grant credit, loans or bank guarantees in the normal course of business to members of the Board of Directors of Fortis Bank or to close family members of them.

Outstanding loans, credit and bank guarantees granted to members of the Board of Directors of Fortis Bank or to close family members of totalled EUR 2.8 million as at 31 December 2008. These transactions were entered into under the same commercial and market terms and conditions that applied to non-related parties, including employees of the company.

More information on compensation to key management personnel is included in note 10, Remuneration of the Board of Directors.

Relations with other related parties

Fortis Bank enters into transactions with various other related parties in the course of its business operations. Such transactions mainly concern loans and deposits and are entered into under the same commercial and market terms that apply to non-related parties.

Overview of transactions with related parties

Transactions entered into in the year ending 31 December 2008 are summarised below with regard to:

- associates and joint ventures
- other related parties such as non-consolidated subsidiaries and pension funds and excluding relations with the Belgian State, the National Bank of Belgium, Belgian State-controlled enterprises and other state owned related parties.

			2008			*2007*
	Associates and Joint ventures	*Other*	*Total*	*Associates and Joint ventures*	*Other*	*Total*
Income and expenses - Related parties						
Interest income	29		29	324	1,386	1,710
Interest expense	(35)		(35)	(319)	(1,640)	(1,959)
Fee and commission income	6		6	4	556	560
Realised gains				144	147	291
Other income	18	7	25	29	243	272
Fee and commission expense	(29)		(29)	(22)	(162)	(184)
Operating, administrative and other expenses					(126)	(126)

			2008			*2007*
	Associates and Joint ventures	*Other*	*Total*	*Associates and Joint ventures*	*Other*	*Total*
Balance sheet - Related parties						
Assets						
Investments in associates	129	13	142	164	965	1,129
Due from customers	235	3	238	861	12,303	13,164
Due from banks	324		324	53	107	160
Other assets	114		114	224	3,895	4,119
Liabilities						
Due to customers	72	1	73	225	11,056	11,281
Due to banks	384		384	757	6	763
Debt certificates, subordinated liabilities and other borrowings	249		249	389	4,966	5,355
Other liabilities	2		2	16	1,242	1,258

The following figures concern guarantees and irrevocable and conditional commitments that Fortis Bank has made with respect to related parties:

- EUR 2 million with respect to guarantees given to related parties ;
- EUR 103 million with respect to guarantees obtained from related parties ; and
- EUR 170 million with respect to unconditional and conditional commitments to related parties

Changes in loans, receivables and advances to and from related parties during the year ended 31 December were as follows:

	Due from banks		*Due from customers*	
	2008	*2007*	*2008*	*2007*
Related party loans, receivables or advances as at 1 January	**160**	**105**	**13,164**	**13,463**
Related party loans, receivables or advances of discontinued operations as at 1 January	36		12,879	
Related party loans, receivables or advances of continuing operations as at 1 January	**124**		**285**	
Acquisitions/divestments of subsidiaries		53		2
Additions or advances	215	2	105	9,531
Repayments	(15)		(152)	(9,832)
Foreign exchange differences				
Other				
Related party loans, receivables or advances as at 31 December	**324**	**160**	**238**	**13,164**
Impairments as at 1 January				
Impairments of discontinued operations as at 1 January				
Impairments of continuing operations as at 1 January				
Change in impairments				
Reversal of impairments				
Recoveries				
Impairments as at 31 December				
Related party loans, receivables or advances as at 31 December	**324**	**160**	**238**	**13,164**

	Due to banks		*Due to customers*	
	2008	*2007*	*2008*	*2007*
Related party loans, receivables or advances as at 1 January	**763**	**151**	**11,281**	**12,060**
Related party loans, receivables or advances of discontinued operations as at 1 January	139		11,175	
Related party loans, receivables or advances of continuing operations as at 1 January	**624**		**106**	
Acquisitions /divestments of subsidiaries		135		73
Additions or advances	148	477	647	775
Repayments	(389)		(679)	(1,627)
Other	1		(1)	
Related party loans, receivables or advances as at 31 December	**384**	**763**	**73**	**11,281**

13 Information on segments

13.1 General information

Fortis Bank provides a total package of banking services to individual, business and institutional customers through its own distribution channels and via other partners. The primary format for the segment reporting is based on business segments.

Fortis Bank is organised into four businesses and a number of support functions, further subdivided into business segments (for details see below):

- Retail Banking ;
- Asset Management ;
- Private Banking ; and
- Merchant Banking.

Activities not related to Banking and elimination differences are reported separately from the Banking activities.

Fortis Bank’s segment reporting reflects the full economic contribution of the businesses of Fortis Bank. The aim is direct allocation to the businesses of all balance sheet and income statement items for which the businesses have full managerial responsibility.

Segment information is prepared based on the same accounting policies as those used in preparing and presenting Fortis Bank’s Consolidated Financial Statements (as described in note 1) and by applying appropriate allocation rules.

Transactions between the different businesses are executed under standard commercial terms and conditions.

13.2 Banking

Retail Banking

Retail Banking offers financial services to individuals, the self-employed, members of independent professions and small businesses. Over five million customers in five countries currently use our integrated banking and insurance services, through proprietary and third-party networks, all embedded in a multi-channel environment. Operating through a variety of distribution channels, in Belgium and Luxembourg we provide services and advice on every aspect of daily banking, saving, investment, credit and insurance to a clearly segmented customer base. Our extensive retail portfolio in Turkey is served by a comprehensive and tailored product offering. Fortis Bank in Poland targets affluent customers and small businesses, while our Polish subsidiary Dominet is undergoing a rapid roll-out of our consumer finance and mass retail business in this market. Lastly, our postal banking activities in Belgium – through Banque de La Poste – and in Ireland – via Postbank – allow us to offer an expanding product portfolio through the respective post office networks.

Asset Management

Fortis Investments (FIM) is the asset manager of Fortis Bank and has EUR 170 billion in assets under management, with approximately 65% of its revenues generated by third-party clients. We have a global presence, with sales offices and 40 dedicated investment centres in Europe, the US and Asia. As a client-driven organisation, we offer international investment solutions, while meeting the requirements and needs of local investors, both institutional and wholesale/retail. As a diversified asset manager, our solutions-oriented approach provides our teams with the freedom and resources to investigate ideas and opportunities in every market and every asset class.

Private Banking

Private Banking offers integrated and international asset and liability management solutions to high net worth individuals, their businesses and their advisers. With offices in 14 countries, Private Banking helps its clients consolidate, preserve and transfer their wealth.

Merchant Banking

Merchant Banking offers tailored financial products and services to medium-sized European-oriented businesses, to large international companies and institutional clients with a focus on Europe, and in selected areas of North America and Asia. We have established a strong regional position for many of our products and skills.

Merchant Banking is composed of several business lines: Commercial Banking, Corporate & Public Banking, Energy, Commodities & Transportation, Global Markets, Investment Banking, Specialised Finance (with Leasing, Trade Finance and Cash Management), and lastly Clearing, Funds & Custody.

Other Banking

Balance sheet items, revenues and costs for support functions, operations and Asset and Liability Management (ALM) are reported in this section. The figures reported are those after allocation to the business segments.

Allocation rules

Segment reporting within the Banking segments makes use of balance sheet allocation rules, balance sheet squaring mechanisms, a fund transfer pricing system, rebilling of support and operation expenses and overhead allocation. The balance sheet allocation and squaring methodology aim at reporting information on segments to reflect Fortis Bank's business model.

Under Fortis Bank's business model, segments do not act as their own treasurer in bearing the interest rate risk, the foreign exchange risk and the liquidity risk, by funding their own assets with their own liabilities, or by having direct access to the financial markets. The interest, currency and liquidity risks are removed by transferring them from the segments to the internal central bankers. This is reflected in the fund transfer pricing system. A key role in this system is attributed to Asset and Liability Management (ALM). The results of ALM are allocated to the segments based on the regulatory capital used and the interest margin generated within the segments.

Support and operations departments provide services to the other segments. These services include human resources and information technology. The costs and revenues of these departments are charged to the segments via a rebilling system on the basis of service level agreements (SLAs) reflecting the economic consumption of the products and services provided. SLAs ensure that the costs and revenues are charged based on actual use and at standard rates. Differences between the actual costs and the rebilled costs based on standard tariffs are passed through to the business segments in a final allocation.

13.3 Balance sheet of banking segments

	31 December 2008						
	Retail Banking	*Asset Management*	*Private Banking*	*Merchant Banking*	*Other Banking*	*Eliminations*	*Total*
Assets							
Cash and cash equivalents	818	3,532	471	18,493	2,359	(3,029)	22,644
Assets held for trading		14	63	88,751	250	(646)	88,432
Due from banks	1,220	2,309	147	123,689	24,915	(105,237)	47,043
Due from customers	99,292	5	12,825	271,149	91,036	(258,677)	215,630
Investments:							
- Held to maturity					*3,851*		3,851
- Available for sale	*119*	*25*	*7*	*39,862*	*61,744*	*(563)*	101,194
- Held at fair value through profit or loss	*1*	*168*		*2,407*	*798*	*(546)*	2,828
- Investment property				*613*	*103*	*(44)*	672
- Associates and joint ventures	*175*	*36*		*225*			436
	295	229	7	43,107	66,496	(1,153)	108,981
Trade and other receivables	4	202	19	5,131	998	(674)	5,680
Property, plant and equipment	28	46	26	631	3,052	(1,502)	2,281
Goodwill and other intangible assets	271	1,493	8	148	137	(65)	1,992
Assets classified as held for sale		733		5			738
Accrued interest and other assets	657	252	68	87,470	12,663	(7,754)	93,356
Total assets	**102,585**	**8,815**	**13,634**	**638,574**	**201,906**	**(378,737)**	**586,777**
Liabilities							
Liabilities held for trading		2	83	86,331	198	(305)	86,309
Due to banks	3,518	2,102	1,845	200,330	46,049	(119,927)	133,917
Due to customers	97,379	2,611	11,618	266,970	84,714	(245,477)	217,815
Debt certificates	207		74	31,756	19,330	(1,750)	49,617
Subordinated liabilities	29	167		3,924	18,588	(776)	21,932
Other borrowings	6			378	639	(458)	565
Provisions	115	66	87	807	660	(404)	1,331
Current and deferred tax liabilities	24	96	12	215	283	(105)	525
Accrued interest and other liabilities	1,307	3,666	(85)	47,863	16,302	(9,535)	59,518
Liabilities related to assets held for sale		105					105
Total liabilities	**102,585**	**8,815**	**13,634**	**638,574**	**186,763**	**(378,737)**	**571,634**
Shareholders' equity					12,363		12,363
Minority interests					2,780		2,780
Total equity					**15,143**		**15,143**
Total liabilities and equity	**102,585**	**8,815**	**13,634**	**638,574**	**201,906**	**(378,737)**	**586,777**
Due from external customers	35,189	5	6,756	150,824	22,856		215,630
Due from internal customers	64,103		6,069	120,325	68,180	(258,677)	
Due from customers	**99,292**	**5**	**12,825**	**271,149**	**91,036**	**(258,677)**	**215,630**
Due to external customers	65,329	2,611	7,099	131,378	11,398		217,815
Due to internal customers	32,050		4,519	135,592	73,316	(245,477)	
Due to customers	**97,379**	**2,611**	**11,618**	**266,970**	**84,714**	**(245,477)**	**217,815**

	Retail Banking	Asset Management	Private Banking	Merchant Banking	Other Banking	Eliminations	Total
							31 December 2007
Assets							
Cash and cash equivalents	11,176	1,025	775	38,715	48,244	(72,932)	27,003
Assets held for trading	138	24	69	76,518	627	(2,029)	75,347
Due from banks	44,375	20	10,740	257,355	64,294	(258,438)	118,346
Due from customers	162,240	4	16,947	328,338	142,828	(335,055)	315,302
Investments:							
- Held to maturity					*4,234*		*4,234*
- Available for sale	*119*	*28*	*31*	*58,243*	*48,249*	*(3,487)*	*103,183*
- Held at fair value through profit or loss				*3,537*	*3,261*	*(1,080)*	*5,718*
- Investment property			*37*	*585*	*117*	*(51)*	*688*
- Associates and joint ventures	*158*	*49*	*5*	*2,976*	*24,511*		*27,699*
	277	77	73	65,341	80,372	(4,618)	141,522
Trade and other receivables	76	215	14	11,099	2,005	(6,863)	6,546
Property, plant and equipment	50	33	25	736	3,750	(1,879)	2,715
Goodwill and other intangible assets	589	145	43	403	717	(338)	1,559
Accrued interest and other assets	1,500	81	508	71,533	16,635	(11,384)	78,873
Total assets	**220,421**	**1,624**	**29,194**	**850,038**	**359,472**	**(693,536)**	**767,213**
Liabilities							
Liabilities held for trading	138		65	89,722	1,013	(1,481)	89,457
Due to banks	68,141	575	7,281	335,224	142,755	(361,835)	192,141
Due to customers	148,728	305	21,423	295,808	115,684	(314,784)	267,164
Debt certificates	381		48	60,673	34,969	(1,017)	95,054
Subordinated liabilities	68	40	2	5,511	18,547	(1,071)	23,097
Other borrowings	17	5		4,479	1,660	(3,496)	2,665
Provisions	88	1	15	550	539	(351)	842
Current and deferred tax liabilities	117	50	26	483	849	(102)	1,423
Accrued interest and other liabilities	2,743	648	334	57,588	9,590	(9,399)	61,504
Total liabilities	**220,421**	**1,624**	**29,194**	**850,038**	**325,606**	**(693,536)**	**733,347**
Shareholders' equity					33,436		33,436
Minority interests					430		430
Total equity					**33,866**		**33,866**
Total liabilities and equity	**220,421**	**1,624**	**29,194**	**850,038**	**359,472**	**(693,536)**	**767,213**
Due from external customers	84,507	4	9,714	177,275	43,802		315,302
Due from customers internal	77,733		7,233	151,063	99,026	(335,055)	
Due from customers	**162,240**	**4**	**16,947**	**328,338**	**142,828**	**(335,055)**	**315,302**
Due to external customers	91,420	300	19,108	135,591	20,745		267,164
Due to customers internal	57,308	5	2,315	160,217	94,939	(314,784)	
Due to customers	**148,728**	**305**	**21,423**	**295,808**	**115,684**	**(314,784)**	**267,164**

13.4 Income statement of banking segments

	Retail Banking	Asset Management	Private Banking	Merchant Banking	Other Banking	Eliminations	Total
							Full Year 2008
Income							
Interest income	9,543	(23)	737	117,262	15,731	(39,780)	103,470
Interest expense	(7,416)	(102)	(617)	(115,426)	(15,727)	39,781	(99,507)
Net interest income	2,127	(125)	120	1,836	4	1	3,963
Fee and commission income	866	1,166	305	1,054	81	(97)	3,375
Fee and commission expense	11	(626)	(27)	(504)	(117)	96	(1,167)
Net fee and commission income	877	540	278	550	(36)	(1)	2,208
Dividend, share in result of associates and joint ventures and other investment income	19	10	8	115	129		281
Realised capital gains (losses) on investments	47		7	100	(432)		(278)
Other realised and unrealised gains and losses	40	(3)	16	(1,692)	156		(1,483)
Other income	55	27	16	173	76	(26)	321
Allocation income	124		10	102	(236)		
Total income, net of interest expense	**3,289**	**449**	**455**	**1,184**	**(339)**	**(26)**	**5,012**
Change in impairments	(390)	(1,338)	(67)	(7,847)	(410)		(10,052)
Net revenues	**2,899**	**(889)**	**388**	**(6,663)**	**(749)**	**(26)**	**(5,040)**
Expenses							
Staff expenses	(1,099)	(250)	(166)	(1,112)	(746)		(3,373)
Depreciation and amortisation of tangible and intangible assets	(29)	(64)	(12)	(106)	(247)		(458)
Other expenses	(313)	(255)	(156)	(573)	(1,088)	24	(2,361)
Allocation expense	(1,223)	(9)	(154)	(490)	1,876		
Total expenses	**(2,664)**	**(578)**	**(488)**	**(2,281)**	**(205)**	**24**	**(6,192)**
Profit (loss) before taxation	**235**	**(1,467)**	**(100)**	**(8,944)**	**(954)**	**(2)**	**(11,232)**
Income tax expense	(239)	105	28	(830)	752		(184)
Net profit (loss) for the period	**(4)**	**(1,362)**	**(72)**	**(9,774)**	**(202)**	**(2)**	**(11,416)**
Net gain (loss) on discontinued operations		(709)			(8,418)		(9,127)
Net profit (loss) before minority interests	**(4)**	**(2,071)**	**(72)**	**(9,774)**	**(8,620)**	**(2)**	**(20,543)**
Net profit attributable to minority interests		13		(1)	1		13
Net profit (loss) attributable to shareholders	**(4)**	**(2,084)**	**(72)**	**(9,773)**	**(8,621)**	**(2)**	**(20,556)**
Net revenues from external customers	1,123	(779)	220	(5,122)	(482)		(5,040)
Net revenues internal	1,776	(110)	168	(1,541)	(267)	(26)	
Net revenues	**2,899**	**(889)**	**388**	**(6,663)**	**(749)**	**(26)**	**(5,040)**

	Full Year 2007						
	Retail Banking	*Asset Management*	*Private Banking*	*Merchant Banking*	*Other Banking*	*Eliminations*	*Total*
Income							
Interest income	8,864	28	689	100,718	11,510	(35,268)	86,541
Interest expense	(6,755)	(38)	(577)	(98,932)	(11,747)	35,268	(82,781)
Net interest income	2,109	(10)	112	1,786	(237)		3,760
Fee and commission income	808	991	373	979	221	(49)	3,323
Fee and commission expense	167	(555)	(53)	(402)	(237)	46	(1,034)
Net fee and commission income	975	436	320	577	(16)	(3)	2,289
Dividend, share in result of associates and joint ventures and other investment income	8	10	12	159	106		305
Realised capital gains (losses) on investments	59		22	148	505		734
Other realised and unrealised gains and losses	40	11	12	578	30	3	674
Other income	465	4	55	398	(688)	(7)	227
Total income, net of interest expense	**3,656**	**451**	**533**	**3,646**	**(290)**	**(7)**	**7,989**
Change in impairments	(101)	(9)	7	(2,684)	1	(5)	(2,793)
Net revenues	**3,555**	**442**	**540**	**962**	**(291)**	**(12)**	**5,196**
Expenses							
Staff expenses	(960)	(174)	(179)	(812)	(643)	(386)	(3,154)
Depreciation and amortisation of tangible and intangible assets	(22)	(13)	(7)	(55)	(205)	(25)	(327)
Other expenses	(289)	(101)	(56)	(342)	(851)	(241)	(1,880)
Allocation expense	(1,093)	(12)	(130)	(1,049)	1,619	665	
Total expenses	**(2,364)**	**(300)**	**(372)**	**(2,258)**	**(80)**	**13**	**(5,361)**
Profit (loss) before taxation	**1,191**	**142**	**168**	**(1,296)**	**(371)**	**1**	**(165)**
Income tax expense	(280)	(35)	(22)	901	129		693
Net profit (loss) for the period	**911**	**107**	**146**	**(395)**	**(242)**	**1**	**528**
Net gain (loss) on discontinued operations					1,267		1,267
Net profit (loss) before minority interests	**911**	**107**	**146**	**(395)**	**1,025**	**1**	**1,795**
Net profit attributable to minority interests		6			8		14
Net profit (loss) attributable to shareholders	**911**	**101**	**146**	**(395)**	**1,017**	**1**	**1,781**
Net revenues from external customers	1,844	464	296	618	1,974		5,196
Net revenues internal	1,711	(22)	244	344	(2,265)	(12)	
Net revenues	**3,555**	**442**	**540**	**962**	**(291)**	**(12)**	**5,196**

13.5 Geographic segmentation

Fortis Bank's activities are managed on a worldwide basis. The table below shows key figures based on the location of the Fortis Bank company that has entered into the transaction.

	Net result	*Total income*	*Number of employees*	*Total assets*
31 December 2008				
Benelux	(16,893)	93,329	20,945	467,802
Other European countries	(934)	6,818	13,863	66,480
North America	(2,809)	3,115	995	39,697
Asia	69	2,399	1,275	12,709
Other countries	11	25	82	89
Total	**(20,556)**	**105,686**	**37,160**	**586,777**

	Net result	*Total income*	*Number of employees*	*Total assets*
31 December 2007				
Benelux	2,662	85,186	29,631	613,400
Other European countries	593	6,263	14,460	82,299
North America	(1,602)	5,473	1,047	52,588
Asia	104	2,867	1,368	17,905
Other countries	24	101	356	1,021
Total	**1,781**	**99,890**	**46,862**	**767,213**

Notes to the balance sheet

14 Cash and cash equivalents

Cash includes cash on hand, available balances with central banks and other financial instruments with a term of less than three months from the date on which they were acquired. The composition of Cash and cash equivalents was as follows as at 31 December:

	31 December 2008	*31 December 2007*
Cash on hand	673	762
Balances with central banks readily convertible in cash other than mandatory reserve deposits	457	795
Due from banks	19,482	20,125
Due from customers, current accounts	269	4,028
Other	1,766	1,294
Total	**22,647**	**27,004**
Less: impairments incurred but not reported (IBNR)	(3)	(1)
Total cash and cash equivalents	**22,644**	**27,003**

The average book value of Cash and cash equivalents for 2008 amounted to EUR 25,179 million (2007: EUR 24,070 million). The average yield in 2008 was 3.30% (2007: 4.06%).

15 Assets and liabilities held for trading

15.1 Assets held for trading

The following table provides a specification of the Assets held for trading.

	31 December 2008	31 December 2007
Securities held for trading:		
Treasury bills and other eligible bills	1,205	1,107
Debt securities:		
- Government bonds	5,721	7,840
- Corporate debt securities	3,068	9,815
- Structured credit instruments	682	3,249
Equity securities	5,167	23,844
Total trading securities	**15,843**	**45,855**
Derivatives held for trading		
Over the counter (OTC)	71,280	28,448
Exchange traded	855	478
Total trading derivatives	**72,135**	**28,926**
Other assets held for trading	454	566
Total assets held for trading	**88,432**	**75,347**

In 2008, EUR 27,105 million trading assets (2007: EUR 40,551 million) were pledged as collateral related to liabilities. Details of the derivative financial instruments are shown in note 31.

15.2 Liabilities held for trading

The table below shows the composition of Liabilities held for trading.

	31 December 2008	31 December 2007
Short security sales	10,730	56,076
Derivative financial instruments:		
Over the counter (OTC)	74,863	33,047
Exchange traded	706	333
Total derivatives held for trading	75,569	33,380
Other liabilities held for trading	10	1
Total liabilities held for trading	**86,309**	**89,457**

16 Due from banks

Due from banks consisted of the following:

	31 December 2008	*31 December 2007*
Interest-bearing deposits	17,968	8,041
Loans and advances	8,566	8,460
Reverse repurchase agreements	14,895	65,858
Securities borrowing transactions	2,271	27,404
Mandatory reserve deposits with central banks	2,994	8,229
Held at fair value through profit or loss		213
Other	648	158
Total	**47,342**	**118,363**
Less impairments:		
- specific credit risk	(281)	(12)
- incurred but not reported (IBNR)	(18)	(5)
Due from banks	**47,043**	**118,346**

The average carrying amount of Due from banks in 2008 was EUR 114,121 million (2007: EUR 114,927 million). The average yield in 2008 was 6.80% (2007: 6.3%).

In accordance with monetary policy, the various banking businesses are required to place amounts on deposit with the central banks in the countries where Fortis Bank operates. Together with the amount that is reported under Cash and cash equivalents, the total balance held with central banks came to EUR 3,451 million at year end 2008 (2007: EUR 9,024 million). The average outstanding balance with central banks (in Cash and cash equivalents and Due from banks) during 2008 amounted to EUR 6,223 million (2007: EUR 7,038 million).

In the Merchant Banking segment, Fortis Bank has designated some financial assets which are part of Due from banks, at fair value through profit or loss. Under the Merchant Banking investment strategies, financial assets and financial liabilities, including derivatives, are brought together in specific portfolios. The performance and risks of these portfolios are measured, reported and managed on a fair value basis.

There is no significant difference between the carrying amounts of the Assets held at fair value through profit or loss and the exposure to credit risk of these assets.

Impairments on Due from banks

Changes in the impairments on Due from banks are as follows:

		2008		*2007*
	Specific credit risk	*IBNR*	*Specific credit risk*	*IBNR*
Balance as at 1 January	**12**	**5**	**17**	**8**
Balance of discontinued operations as at 1 January				
Balance of continuing operations as at 1 January	**12**	**5**		
Change in impairments of discontinued operations 2007				
Increase in impairments from continuing operations	576	15	2	2
Release of impairments from continuing operations	(485)	(2)	(2)	(5)
Write-offs of uncollectible loans	(52)		(3)	
Foreign exchange differences and other adjustments	230		(2)	
Balance as at 31 December	**281**	**18**	**12**	**5**

Note 6 ‘Risk Management’ describes in greater detail the impairments for specific credit risk and incurred but not reported (IBNR) impairments.

17 Due from customers

The composition of Due from customers is as follows:

	31 December 2008	*31 December 2007*
Government and official institutions	4,155	5,343
Residential mortgage	34,006	95,445
Consumer loans	7,057	9,774
Commercial loans	114,872	138,696
Reverse repurchase agreements	36,274	28,186
Securities borrowing transactions	6,576	24,279
Finance lease receivables	12,187	11,969
Factoring	1	1,914
Other loans	797	1,601
Loans available for sale	174	212
Held at fair value through profit or loss	1,655	1,300
Fair value adjustment from hedge accounting	265	(1,415)
Total	**218,019**	**317,304**
Less impairments:		
- specific credit risk	(2,077)	(1,778)
- incurred but not reported (IBNR)	(312)	(224)
Due from customers	**215,630**	**315,302**

In 2008, the average amount of Due from customers was EUR 315,888 million (2007: EUR 314,370 million). The average yield in 2008 was 5.14% (2007: 3.9%).

Loans designated as available for sale are those loans purchased in the secondary markets that will subsequently be securitised and sold.

In the Merchant Banking segment, Fortis Bank has designated some financial assets which are part of Due from customers at fair value through profit or loss. Selected inflation rate-linked credit contracts with governmental counterparties are designated at fair value through profit or loss, reducing a potential accounting mismatch between the measurement of the interest rate swaps and other derivatives involved and the credits previously measured at amortised cost.

Some other structured loans and contracts, including derivatives, are also designated as Held at fair value through profit or loss, reducing a potential accounting mismatch. The amortised cost of Assets held at fair value through profit or loss at 31 December 2008 was EUR 1,581 million (2007: EUR 1,309 million).

Furthermore, Fortis Bank hedges interest rate exposure of fixed-rate mortgages on a portfolio basis (macro hedging), by using interest rate swaps.

As a result of the hedge, the volatility of changes in the hedged item's net present value (NPV) of future cash flows, due to changes in the appropriate benchmark interest rate curve, will be reduced by offsetting changes in the fair value of the hedging derivative financial instrument.

Hedged mortgages are prepayable fixed-rate mortgages with the following features:

- denominated in local currency (euro) ;
- fixed term to maturity or repricing ;
- prepayable amortising or fixed principal amounts ;
- fixed interest payment dates ;
- no interest rate options ; and
- accounted for on an amortised cost basis.

Mortgages with these features form a portfolio from which the hedged item is designated (fair value hedge accounting for a portfolio hedge of interest rate risk or 'macro hedge'). More than one group (or portfolio) of mortgages can be identified as the hedged item within the fixed rate mortgage portfolio. Mortgages included in a portfolio hedge of interest rate risk need to share the risk characteristics being hedged.

When notional swap cash flows exceed 95% of expected mortgage cash flows in any given month, the expected monthly mortgage cash flows on either side of the swap cash flow are designated as hedged items until all notional swap cash flows are matched. Mortgage cash flows are allocated to monthly time buckets based on expected repricing dates. Fortis Bank estimates repricing dates using a prepayment rate applied to the contractual cash flows and repricing dates of the mortgage portfolio.

The hedging instruments are *plain vanilla* interest rate swaps entered into with external counterparties at market rates prevailing at the time of the transaction.

Changes in the fair value of mortgages which are attributable to the hedged interest rate risk are recorded under the line 'Fair value adjustment from hedge accounting' in order to adjust the carrying amount of the loan. The difference between the fair value and the carrying value of the hedged mortgages at designation of the hedging is amortised over the remaining life of the hedged item and is also reported in 'Fair value adjustment from hedge accounting'.

Finance lease receivables

Receivables related to finance lease agreements at 31 December are comprised of:

	Minimum lease payments		*Present value of the minimum lease payments receivable*	
	2008	*2007*	*2008*	*2007*
Gross investment in finance leases:				
Not later than 3 months	1,342	1,405	1,138	1,274
Later than 3 months and not later than 1 year	2,499	2,640	2,150	2,313
Later than 1 year and not later than 5 years	7,237	7,239	6,187	6,147
Later than 5 years	3,362	2,765	2,712	2,235
Total	**14,440**	**14,049**	**12,187**	**11,969**
Unearned finance income	2,253	2,080		

Proceeds from finance lease agreements recorded in the income statement in 2008 amounted to EUR 752 million (2007: EUR 649 million).

Impairments on Due from customers

The following table shows the changes in impairments on Due from customers.

	2008		2007	
	Specific credit risk	*IBNR*	*Specific credit risk*	*IBNR*
Balance as at 1 January	**1,778**	**224**	**1,876**	**325**
Balance of discontinued operations as at 1 January	346	49		
Balance of continuing operations as at 1 January	**1,432**	**175**		
Acquisitions/divestments of subsidiaries			31	4
Change in impairments of discontinued operations 2007			64	(25)
Increase in impairments from continuing operations	1,297	165	591	16
Release of impairments from continuing operations	(386)	(15)	(350)	(101)
Write-offs of uncollectible loans	(142)		(343)	
Foreign exchange differences and other adjustments	(124)	(12)	(91)	5
Balance as at 31 December	**2,077**	**313**	**1,778**	**224**

The impairments for specific credit risk and incurred but not reported (IBNR) are described in more detail in note 6 ‘Risk Management’.

The carrying amount of real estate related to defaulted mortgages that has been acquired through foreclosure for which the intent is to sell in 2009 was EUR 60 million at 31 December 2008 (2007: EUR 34 million).

The impairment on finance lease receivables included in the amounts above was EUR 5 million at 31 December 2008 (2007: nil).

18 Investments

The composition of Investments is as follows:

	31 December 2008	31 December 2007
Investments		
- Held to maturity	3,851	4,234
- Available for sale	109,972	105,672
- Held at fair value through profit or loss	2,828	5,718
- Investment property	678	689
- Associates and joint ventures	456	27,699
Total gross	**117,785**	**144,012**
Impairments:		
- on investments held to maturity		
- on investments available for sale	(8,778)	(2,489)
- on investment property	(6)	(1)
- on investments in associates and joint ventures	(20)	
Total impairments	**(8,804)**	**(2,490)**
Total	**108,981**	**141,522**

The decrease in the line 'Associates and joint ventures' is mainly due to the derecognition of Fortis Bank's investment of EUR 24,201 million in RFS Holdings B.V. related to ABN AMRO.

At year end 2008, Fortis Bank has pledged investments of EUR 78,033 million (2007: EUR 124,948 million) as collateral related to liabilities.

18.1 Investments held to maturity

The amortised cost and estimated fair value of Fortis Bank's Investments held to maturity as at 31 December are as follows:

	2008		2007	
	Carrying amount	Fair values	Carrying amount	Fair values
Government bonds	3,635	3,868	3,933	4,002
Corporate debt securities	216	217	301	299
Total investments held to maturity	**3,851**	**4,085**	**4,234**	**4,301**

There were no impairments on Held to maturity investments at 31 December 2008 and 2007.

18.2 Investments available for sale

The fair value and amortised cost of Available for sale investments including gross unrealised gains and gross unrealised losses is as follows:

	Historical/ amortised cost	*Gross unrealised gains*	*Gross unrealised losses*	*Fair value adjustments from hedge accounting*	*Impairments*	*Fair value*
31 December 2008						
Treasury bills and other eligible bills	371	1				372
Government bonds	51,025	1,122	(994)	527	(3)	51,677
Corporate debt securities	19,910	256	(753)	43	(140)	19,316
Structured credit instruments	42,774	6	(5,463)	(3)	(8,496)	28,818
Private equities and venture capital	43	8	(7)		(2)	42
Equity securities	901	49	(46)	(10)	(73)	821
Other investments	212	4	(4)		(64)	148
Total	**115,236**	**1,446**	**(7,267)**	**557**	**(8,778)**	**101,194**

	Historical/ amortised cost	*Gross unrealised gains*	*Gross unrealised losses*	*Fair value adjustments from hedge accounting*	*Impairments*	*Fair value*
31 December 2007						
Treasury bills and other eligible bills	265					265
Government bonds	41,735	317	(707)	(218)	(4)	41,123
Corporate debt securities	25,757	44	(231)	3	(10)	25,563
Structured credit instruments	35,074	44	(900)	(8)	(2,420)	31,790
Private equities and venture capital	113	38	(11)	(1)	(4)	135
Equity securities	3,672	301	(80)	(35)	(29)	3,829
Other investments	270	230			(22)	478
Total	**106,886**	**974**	**(1,929)**	**(259)**	**(2,489)**	**103,183**

In the fourth quarter 2008, Fortis Bank has reclassified certain financial assets as allowed by the amendments to the *IAS 39 Financial Instruments: Recognition and Measurement, and IFRS 7 Financial Instruments: Disclosures*, and adopted by the European Union on 15 October 2008. The exceptional circumstances have caused the evaporation of liquidity in several securities markets and prompted Fortis Bank to review its intention to sell or repurchase certain debt portfolios in the near term. For the amounts mentioned in the table below, Fortis Bank decided that these financial assets are no longer held for the purpose of selling or repurchasing in the near term. These portfolios include corporate debt securities (65%), government bonds (9%) and structured credit instruments (26%).

Reclassification of Financial assets	*Fair value of assets transferred at reclassification date*	*Profit or (Loss) after reclassification date if assets had not been reclassified*	*Fair value*
			2008
Assets held for trading reclassified to Investments – Available for sale	5,246	(150)	5,096

The impact of the reclassified financial assets on the income statement after reclassification was as follows:

	2008
Interest income	96
Realised capital gains	17
Realised capital losses	(3)

Through the application of the effective interest rate method, interest income includes the amortisation of the instruments' recoverable amount above their current fair value as expected at the date of reclassification and calculated over the remaining time to maturity. The cash flows expected and deemed recoverable as of the reclassification date was EUR 6,007 million and the weighted average effective interest rate of these assets was 8.77%

Government bonds detailed by country of origin

The government bonds detailed by country of origin are as follows at 31 December:

	Historical/ amortised cost	Gross unrealised gains (losses)	Fair value adjustments from hedge accounting	Impairments	Fair value
31 December 2008					
Belgian national government	8,091	(99)	239		8,231
Dutch national government	12,724	67	13		12,804
German national government	6,196	184			6,380
Italian national government	7,392	(125)	150		7,417
French national government	3,625	114	5		3,744
British national government	763				763
Greek national government	2,857	(115)	35		2,777
Spanish national government	2,274	2	54		2,330
Portuguese national government	2,614	53	18		2,685
Austrian national government	832	33			865
Finish national government	694	18			712
Other national governments	2,963	(4)	13	(3)	2,969
Total	**51,025**	**128**	**527**	**(3)**	**51,677**
31 December 2007					
Belgian national government	7,312	(6)	(177)		7,129
Dutch national government	3,241	(36)			3,205
German national government	6,979	(155)			6,824
Italian national government	6,148	(39)	(36)		6,073
French national government	4,209	(53)			4,156
British national government	799	(7)			792
Greek national government	3,627	(30)	(9)		3,588
Spanish national government	495	(10)	1		486
Portuguese national government	2,352	(17)	(1)		2,334
Austrian national government	1,549	6			1,555
Finish national government	961	(5)			956
Other national governments	4,063	(38)	4	(4)	4,025
Total	**41,735**	**(390)**	**(218)**	**(4)**	**41,123**

Following the sale of Fortis Bank Nederland (Holding) to the Dutch State, an agreement was made that certain long term debt held by Fortis Bank against FBN(H) were reimbursed by the remittance of Dutch State guaranteed tradable securities (bonds). These bonds are classified as available for sale and explain the increase in the outstanding amount of Dutch government bonds at 31 December 2008. These bonds were recognized at fair value and the long term debt obligations were derecognized for the carrying value, leading to a positive difference recognized in profit or loss at the exchange date. All subsequent changes in fair value on these bonds, classified as available for sale, are recognized in equity. The fair value of these bonds is determined via a discounted cash flow model based on the risk free Dutch government rate adjusted for a liquidity spread due to specific conditions agreed between Fortis Bank and the Dutch State.

Net unrealised gains and losses on Available for sale investments included in equity

	31 December 2008	*31 December 2007*
Available for sale investments in equity securities and other investments:		
Carrying amount	1,011	4,442
Gross unrealised gains and losses	5	478
- Related tax	(18)	(93)
Net unrealised gains and losses	**(13)**	**385**
Available for sale investments in debt securities:		
Carrying amount	100,183	98,741
Gross unrealised gains and losses	(5,825)	(1,433)
- Related tax	655	362
Net unrealised gains and losses	**(5,170)**	**(1,071)**

Available for sale investments in equity securities include private equities, venture capital and all other investments, excluding debt securities.

Impairments on Investments available for sale

The following table shows the breakdown of impairments on Investments available for sale.

	31 December 2008	31 December 2007
Impairments on investments available for sale:		
- in equity securities and other investments	(139)	(55)
- in debt securities	(8,639)	(2,434)
Total impairments on investments available for sale	**(8,778)**	**(2,489)**

The change in impairments on available for sale investments is as follows:

	2008	2007
Balance as at 1 January	**2,489**	**77**
Balance of discontinued operations as at 1 January	9	
Balance of continuing operations as at 1 January	**2,480**	
Change in impairments of discontinued operations year 2007		7
Increase in impairments from continuing operations	6,192	2,425
Release of impairments from continuing operations	(43)	
Reversal on sale/disposal	(22)	(7)
Foreign exchange differences and other adjustments	171	(13)
Balance as at 31 December	**8,778**	**2,489**

In the Merchant Banking segment, Fortis Bank has deployed investment strategies on which (micro) fair value hedge accounting is applied. The general objective of these strategies is to take a medium or long-term investment position on the credit spread between a bond and the swap curve over a certain period. The interest swap associated with the bond is designated to hedge the underlying bond against adverse changes in the interest rate. The hedged risk is interest rate risk. Credit risk is currently not being hedged. The principal hedged items concern government bonds, corporate debt securities and structured credit instruments.

Changes in the fair value of the investments attributable to the hedged interest rate risk are presented as 'Fair value adjustments from hedge accounting'. Furthermore, Fortis Bank hedges interest rate risk of fixed-rate bonds on a portfolio basis (macro hedging) using primarily interest-rate swaps as hedging instruments.

The hedged bonds are bond assets with the following features:

- denominated in local currency (euro) ;
- fixed term to maturity ;
- fixed principal amounts ;
- fixed interest payment dates ;
- no interest rate options or embedded derivatives ; and
- accounted for on amortised cost basis.

Bonds with these features form the portfolio of bond assets from which the hedged items are designated. Bond assets included in a portfolio hedge for interest rate risk need to share the risk characteristics being hedged. Bond cash flows are allocated to monthly time buckets based on contractual maturity dates.

The hedging instruments are *plain vanilla* interest rate swaps entered into with external counterparties at market rates prevailing at the time of the transaction.

Changes in the fair value of the bonds which are attributable to the hedged interest rate risk are presented as 'Fair value adjustments from hedge accounting' in order to adjust the carrying amount of the bonds. The difference between the fair value and the carrying value of the hedged bonds at designation of the hedging is amortised over the remaining life of the hedged item and is reported in 'Fair value adjustments from hedge accounting'.

Fortis Bank hedges the foreign currency risk on selected equity securities portfolios. For these hedging relationships Fortis Bank has designated non-derivative financial liabilities as hedging instruments.

If the deposit or current account qualifies as a hedging instrument, the foreign exchange differences of the hedging instrument and the foreign exchange component of the fair value change of the hedged instrument are reported directly in the income statement. Investments available for sale include the foreign exchange related fair value adjustments on the hedged equity securities, reported in 'Fair value adjustments from hedge accounting'.

18.3 Investments held at fair value through profit or loss

The following table provides information as at 31 December about the Investments that are held at fair value and for which unrealised gains or losses are recorded through profit or loss.

	31 December 2008	*31 December 2007*
Government bonds		24
Corporate debt securities	48	49
Structured credit instruments	1,523	1,942
Private equities and venture capital	825	979
Equity securities	177	2,412
Other investments	255	312
Total investments held at fair value through profit or loss	**2,828**	**5,718**

In the Merchant Banking segment, some investments made by private equity entities of Fortis Bank are measured at fair value through profit or loss, reflecting the business of investing in financial assets to profit from their total return in the form of interest or dividend and changes in fair value. Some other investments with embedded derivatives are also designated at fair value through profit or loss, reducing a potential accounting mismatch.

The amortised cost of the Debt securities held at fair value through profit or loss as at 31 December 2008 is EUR 1,553 million (2007: EUR 2,328 million) and the carrying value is EUR 1,571 million (2007: EUR 2,015 million).

18.4 Structured credit instruments

Fortis Bank holds so-called structured credit instruments (SCI) in its portfolio. Structured credit instruments are securities created by repackaging cash flows from financial contracts and encompass asset-backed securities (ABS), mortgage-backed securities (MBS) and collateralised debt obligations (CDO). Exposure to structured credit instruments is categorised in the financial statements and as such is included in 'Investments available for sale', 'Investments held at fair value through profit or loss', 'Assets held for trading', 'Due from Customers' and 'Other assets'. This exposure also includes US subprime residential mortgage-related assets.

Net exposure to global structured credit instruments as at 31 December can be detailed as follows:

	31 December 2008		*31 December 2007*	
	Total net exposure Excl. SPE assets	*Total net exposure incl. SPE assets*	*Total net exposure Excl. SPE assets*	*Total net exposure incl. SPE assets*
SCI under Assets held for trading (note 15)	682	883	3.249	3.886
SCI under Due from Customers (loans available for sale) (note 17)	174	174	212	212
SCI under Investments available for sale (note 18.2)	28.818	29.088	31.790	31.994
SCI under Investments held at fair value trough profit or loss (note 18.3)	1.523	1.523	1.942	1.942
Other (note 22)	4.141	4.141	6.169	6.169
Total	**35.338**	**35.809**	**43.362**	**44.203**

The item 'Other' includes mainly the asset pools of Scaldis, reported as other assets. Scaldis is fully consolidated in the accounts of Fortis Bank and acts as a conduit that purchases eligible assets from investment grade, non-investment grade and unrated sellers. The asset pools contain continuous financing of third party clients' assets such as consumer and auto loans, trade receivables, mortgages and lease receivables.

Special purpose entities' (SPE) assets relate to investments by entities of Fortis Bank in debt securities of special purpose entities set up by Fortis Bank for the purpose of asset securitisation or structured debt issuance, and are included in the Fortis Bank consolidation. The exposure of special purpose entities is mainly reported on the balance sheet under 'Due from customers' (residential mortgages) and 'Due from banks' (reverse repurchase agreements).

The evolution in on-balance exposure to structured credit instruments in 2008 can be explained by redemptions, foreign currency fluctuations, changes in consolidation scope and fair value decreases recognised as additional impairments or as unrealised trading results or unrecognised losses in shareholders' equity.

As described in note 18.2, Fortis Bank has reclassified 'Assets held for trading' as 'Investments – Available for sale' due to the evaporation of liquidity in several securities markets. This reclassification is the main reason for the decrease in SCI under the heading 'Assets held for trading'.

Due to the deconsolidation of Fortis Bank Netherlands (Holding) as from the fourth quarter 2008, a Dutch residential mortgage portfolio of EUR 8.9 billion related to three securitisation transactions (Beluga 2007-I, Dolphin 2007-I and Dolphin 2007-II) that was previously eliminated as an intercompany transaction, is now treated as structured credit instruments by Fortis Bank. This portfolio is classified as 'Investments – Available for sale' and valued at fair value through equity.

The table below presents a breakdown of the carrying value of the structured credit instruments portfolio by rating category at 31 December 2008 (in EUR billion).

		31 December 2008
	Carrying Value	*Percentage*
Rating category		
AAA	26.7	75%
AA	4.0	11%
A	2.8	8%
BBB	1.1	3%
Investment grade	34.6	97%
Below investment grade	1.1	3%
Unrated	0.1	0%
Total	**35.8**	**100%**

The table below presents a breakdown of the carrying value of the structured credit instruments portfolio by asset class at 31 December 2008 (in EUR billion).

		31 December 2008
	Carrying Value	Percentage
Prime	1.6	4%
Subprime	0.2	1%
Midprime	0.6	2%
Alt-A/Jumbo	0.8	2%
Alt-A/30yr fixed	1.3	4%
NegAm	0.9	3%
HELOC	0.2	1%
ABS CDO Origination	0.9	3%
Us Student Loans (FFELP)	3.0	8%
US Student Loans (private)	0.4	1%
Auto/Equipment leases	0.5	1%
CDOs	1.6	4%
CMBS	0.8	2%
Agency	0.5	1%
Spanish RMBS	1.7	5%
UK non-conforming	0.7	2%
Credit cards	0.9	3%
CLOs	3.0	8%
Asset Pool Scaldis	4.1	11%
Dutch Securitisations	7.7	22%
Other	4.4	12%
Total	**35.8**	**100%**

Impairment losses on structured credit instruments are reported in the income statement under ‘Change in Impairments’ (note 40).

Fair value changes of structured credit instruments treated as ‘Assets held for trading’ or ‘Investments held at fair value through profit or loss’ are reported under ‘Other realised and unrealised gains and losses’ on the income statement (note 36).

Fortis Bank applies the approach described below when valuing and measuring its structured credit portfolio and determining triggers for impairment and impairment levels in that portfolio.

18.4.1 Valuation process

Structured credit instruments are mainly measured at fair value. Structured credit instruments not carried at fair value relate to the asset pools of Scaldis and are measured at amortised cost.

Market conditions for structured credit instruments have changed dramatically since the second half of 2007, leading to a significant decrease in the observability of data used for the market pricing of these assets.

IFRS 7, *Financial Instruments: Disclosures* includes criteria for deciding whether fair values of financial assets are determined, in whole or in part, by direct reference to price quotations published in an active market or are estimated using a valuation technique based on assumptions that may or may not be based on available observable market data.

The fair value measurement of financial assets, part of the structured credit instruments, can be categorised according to the valuation methods applied:

- category 1: fair values determined in whole or in part, by direct reference to price quotations published in an active market
- category 2: fair values determined in whole or in part, using a valuation technique based on assumptions that are supported by available observable market data
- category 3: fair values determined in whole or in part, using a valuation technique based on assumptions that are not supported by available observable market data

Categorisation within the fair value hierarchy is based on the lowest level of input that is significant for the fair value measurement.

The following table shows the financial instruments measured at fair value included in structured credit instruments according to category of fair value measurement, indicating the transparency of the inputs that measure fair value:

	31 December 2008	*31 December 2007*
Category 1	0%	60%
Category 2	97%	33%
Category 3	3%	7%

The percentages reported are based on net exposure including assets held by special purpose entities of Fortis Bank.

The continuing disruption and severe lack of liquidity in structured credit markets precludes the reference to publicly observable prices in active markets in the process of mark-to-market valuations. As such, no category 1 valuation was used in 2008.

The valuation techniques applied to the SCI portfolio are described below and vary depending on the type of the portfolio:

- Credit spread portfolio within the Fortis Bank investment book
- CDO origination portfolio

18.4.1.1 Credit spread portfolio

Due to the absence of external prices from active markets, Fortis Bank used a fair valuation technique based on observable parameters in 2008. In the first three quarters of 2008, the Bank used its own internal technique, taking as a starting point the latest available prices under normal market conditions (July 2007 for the European ABS market, and December 2007 for the US and rest of the world markets) and discounting these prices using an ABS spread made up primarily of two components:

- liquidity
- credit

The liquidity component covers the cost of not being able to sell the assets and the credit component covers both the systemic and idiosyncratic credit risks.

The credit component, marginal at the inception of the fair valuation technique, has gained importance with time. Most asset classes and geographical areas have shown signs of credit deterioration since the reference dates. This is tackled with a stress factor on the liquidity premium. The size of the stress factor is based on actions (negative watch) by rating agencies and movements in performance indicators (>90 days of delinquencies and cumulative losses) by asset class.

Due to the deterioration of the credit risk, the parameters used in the internal fair valuation technique are permanently reviewed in order to reflect the economic reality.

Observable market data, such as available spreads, which are needed to value individual securities, became even scarcer in the fourth quarter of 2008. As a consequence, Fortis Bank decided, in the absence of active markets, to rely on prices provided by external valuation sources such as MarkIT, FTID/IDC, Bloomberg and others, which more rapidly include recent changes in observable parameters. This approach is considered to be a category 2 valuation method.

18.4.1.2 CDO origination portfolio

The valuation required at year-end 2008 related only to the CDO super senior tranches. Subordinated tranches were all valued at zero in December 2007.

Since mid 2007, Fortis Bank has computed a fair value for its investment in high grade CDO super senior tranches and mezzanine CDO super senior tranches based on several model outputs combined with qualitative assessments. Fortis uses two models:

- a cash flow based model that simulates asset cash flows, based on assumptions about the timing of default, loss given default (LGD) and pipeline of defaults
- net asset value (NAV), with CDO collateral priced using relevant indices, mostly the ABX.

In the cash flow based model valuation is divided into two components:

- cash flow value: the present value of future cash flows (discounted at the current Libor rate) based on the current underlying mortgage delinquencies
- fair value adjustment: taking into account the model risk and the liquidity risk (i.e. price volatility due to assumptions about both input and model, liquidity-related market distortion etc) and, as such, the information other market participants might take into account when computing market value

The model is based on estimates of the cumulative losses of the different buckets (RMBS and CDO) included in the various CDO structures. The model considers a value for the CDO buckets and gives a valuation of the RMBS buckets based on the following steps:

- computation of the default pipeline for each portfolio
- extrapolation of the cumulative default rate of the mortgage pool over its lifetime using a default curve based on market data
- prepayment speed
- computation of the cumulative loss with loss given default based on recent market information
- calculation of the net present value of cash flows

These parameters are updated on a monthly basis when the services reports become available. In general, the model suggests that 70% of delinquent and bankrupt borrowers will default in future. The current default pipeline is extrapolated based upon the ageing/seasoning of the mortgage pool portfolio.

To take into account that the model is a linear approximation of a multivariate process and that the CDO market is extremely illiquid, an adjustment is made by adding a spread on top of the 'risk free' rate used to discount the cash flows generated by the model.

The net asset value (NAV) method is based on the NAV computation that models the liquidation value of the CDO by simulating the sale of the assets: RMBS and CDO buckets. The value of the CDO buckets is put at zero. In the absence of a transparent market for the collateral underlying the CDO, Fortis Bank uses proxies, depending on the type of collateral:

- RMBS: the relevant ABX series is used, depending on the rating and the vintage of the underlying mortgages.
- CMBS: CMBX
- CLO: CLX

The NAV model was originally used to calibrate the output of the cash flow model in order to support the determination of the final value of the CDO origination portfolio. However, due to the rapid deterioration in asset quality in the second half of 2008, taking into account some external references such as the distressed sale of the structured credit portfolios and given that the cash flow model remains a linear approximation, Fortis Bank aligned the value of the CDO origination portfolio with the results of the NAV as from the third quarter of 2008.

18.4.2 Impairment testing process

As is the case for other financial assets, Fortis Bank applies a two-step approach to the impairment testing of structured credit instruments. Firstly, an assessment is made to determine the existence of objective evidence that the financial asset is impaired, followed by recognition and measurement of the impairment loss. The assessment of objective evidence is based on observable data ('triggers') on loss events.

Fortis Bank has established the following mandatory triggers related to structured credit instruments and potentially leading to impairment:

- for all tranches, any event of default under the indenture for the issuing CDO
- downgrade of the tranche to non-investment grade.

If a mandatory trigger occurs, the instrument is considered impaired.

Judgemental triggers are based, among other factors, on the level of decrease in fair value in comparison with the acquisition price of the instrument. If a judgemental trigger occurs, further credit quality analysis will be undertaken to decide on the status (impaired or not) of the instrument. If an investment classified as available for sale is impaired, the difference between the acquisition cost and the current fair value of the instrument will be recognised as an impairment loss in the income statement.

As from 31 December 2007, the CDO origination portfolio is considered completely impaired.

Fortis Bank identifies the impaired status of the individual assets in the credit spread portfolio by performing a rigorous credit analysis of each security. For the purpose of impairment tests, Risk Management has developed certain stress scenarios and assessment criteria, taking into account the characteristics of the different product types.

Concerning the RMBS portfolio, stress tests are performed for US assets, using the pipeline model as applied for the CDO origination portfolio or adjusted models for other geographies. The level of future defaults is adjusted starting from current levels and taking into account expected evolutions of macro-economic factors with direct impact on the default rates such as unemployment rates and interest rates. The loss given default is stressed taking into account the house prices depreciation already observed and expected for the coming years for the concerned geographies. The output of the stress tests is benchmarked for each class of assets with the expectations of rating agencies and other market participants.

18.4.3 Further developments

The agreements that Fortis Bank, Fortis and its subsidiaries, were required to enter into in October 2008 in order to safeguard the continuity of Fortis Bank, included stipulations related to the sale of part of the structured credit portfolio of Fortis Bank to a special purpose vehicle (SPV).

The term sheet of 6 October 2008, which outlined the principles of a transaction to be entered into by Fortis and the SFPI/FPIM relating to the sale by Fortis Brussels SA/NV of its remaining stake in Fortis Bank, comprising 50% + one share, to the SFPI/FPIM, also referred to the undertaking by Fortis, the SFPI/FPIM and BNP Paribas to jointly fund – in the proportions 66% by Fortis, 24% by SFPI/FPIM and 10% by BNP Paribas – a new special purpose vehicle (SPV) that would acquire a structured credit portfolio from Fortis Bank.

The agreement between Fortis, BNP Paribas and the SFPI/FPIM was concluded on 10 October 2008 in the form of a *Protocole d'Accord*. The purchase price to be paid to Fortis Bank by the SPV was set at EUR 10.4 billion, to be adjusted for exchange rate fluctuations between 31 August 2008 and the date of the closing of the *Protocole d'Accord*.

Fortis and the SFPI/FPIM agreed a fallback scenario, formalised in a share purchase agreement (SPA) on 10 October 2008, that would apply if the *Protocole d'Accord* with BNP Paribas was not implemented. In that case, Fortis and the SFPI/FPIM agreed that the SPV would be funded by Fortis and the SFPI/FPIM alone (Fortis providing 73 1/3% of the funding and the SFPI/FPIM 26 2/3%) and that the SPV would acquire the structured credit portfolio from Fortis Bank at a price equal to 90% of the conventional purchase price agreed in the *Protocole d'Accord*.

Fortis Insurance N.V. pledged shares in Fortis Insurance Belgium SA/NV to the SPV and to the SFPI/FPIM as security for the obligations of the Fortis Group to fund the SPV under the *Protocole d'Accord* or under the fallback provision of the share purchase agreement.

Pursuant to the *Protocole d'Accord* of 10 October 2008, the SPV was incorporated on 20 November 2008 under the name 'Royal Park Investments SA/NV'.

The General Meeting of Shareholders of Fortis SA/NV of 11 February 2009, as requested by the decision of 12 December 2008 of the Brussels Court of Appeal, failed to approve the decisions taken by the Board of Directors of Fortis SA/NV regarding the sale of the Dutch assets to the Dutch State and the sale of 50% + one share of Fortis Bank SA/NV to the Belgian State. Since approval of the 50% + one share of Fortis Bank SA/NV was a precondition of a resolution on the transactions proposed under the *Protocole d'Accord*, this was not put to a vote.

BNP Paribas, Fortis, the Belgian State, the SFPI/FPIM, Fortis Insurance Belgium and Fortis Bank reached agreement on revised terms for these transactions on 6 March 2009. Under the terms of the amended agreement, the portfolio to be sold to the SPV by Fortis Bank on the date of the closing of the agreement comprises the structured credits that were originally agreed under the *Protocole d'Accord* of 10 October 2008, plus certain additional items for a total amount of approximately EUR 2 billion. This will, however, only increase the purchase price by approximately EUR 1 billion, since repayments of approximately EUR 1 billion have been made in respect of the original portfolio since 31 August 2008, and thus EUR 1 billion of the EUR 2 billion of new items will replace those that have been repaid.

The table below gives an overview of the structured credit portfolio to be acquired by the SPV (based on exchange rates as at 31 August 2008).

	Agreed price (in EUR billion)	*Agreed price (as % of par)*
Prime	0.9	86%
Subprime	0.3	58%
Midprime	0.8	58%
Alt-A/Jumbo	1.0	62%
Alt-A/30yr fixed	0.5	77%
NegAm	1.1	57%
HELOC	0.2	57%
US RMBS	**4.8**	
Super Senior High Grade	1.0	25%
Super Senior Mezzanine	0.1	10%
Warehouses	0.1	10%
ABS CDO Origination	**1.2**	
US multi-sector CDO	**0.6**	**66%**
US Student Loans (private)	**0.6**	**79%**
CRE-CDOs	**0.4**	**92%**
US	0.2	56%
ROW	0.7	84%
ABS CDOs & Other	**0.9**	
High Yield CBOs	**0.1**	**95%**
Spanish RMBS	1.6	86%
UK non-conforming	0.9	91%
European RMBS	**2.5**	
CLOs	**0.1**	**86%**
Other[1]	**0.2**	**90%**
Total	**11.4** [2]	**59%**

1 *includes Equipment Leases (25%), Auto (23%) SMEs (7%), Dealer Floorplan (2%), Whole-business (20%), DPRs (13%), Credit Cards (9%) & CMBS (1%)*

2 *it being understood that this amount will be subject to change as a result of fluctuations in exchange rates between 31 August 2008 and the closing date*

The purchase price to be paid to Fortis Bank by the SPV amounts to approximately EUR 11.4 billion. This is derived from the value of the portfolio in the books of Fortis Bank as at 31 August 2008 (adjusted for certain impairments). Furthermore, the purchase price is to be adjusted for exchange rate fluctuations between 31 August 2008 and the date of the closing of the agreement.

To fund the purchase of the portfolio, the parties will contribute an aggregate amount of EUR 1.7 billion to the SPV equity, with Fortis contributing EUR 760 million (44.7%), the SFPI/FPIM EUR 740 million (43.5%) and BNP Paribas EUR 200 million (11.8%).

The remainder of the financing of the SPV will be in the form of debt, divided into two tranches (subject to exchange rate adjustments on a pro rata basis):

- a senior tranche of EUR 4,850 million in total, of which EUR 485 million (10%) will come from BNP Paribas and EUR 4,365 million (90%) from Fortis Bank
- a super senior tranche of EUR 4,850 million to be provided entirely by Fortis Bank, the repayment of which will take priority and will also rank ahead of others as far as interest payments are concerned.

Senior debt of EUR 4,365 million to be provided by Fortis Bank will be guaranteed by the Belgian State.

When preparing the 2008 Consolidated Financial Statements, Fortis Bank analysed whether the assets concerned in the sale of part of the structured credit portfolio to an SPV (the Portfolio Out) should be derecognised as at 31 December 2008 in accordance with *IAS 39 Financial Instruments: Recognition and Measurement*. The analysis was based on a review of the following documents:

- *Protocole d'Accord* of 10 October 2008
- *Avenant* no. 3 to the *Protocole d'Accord* dated 12 March 2009 entered into by BNP Paribas, the Belgian State, the SFPI/FPIM, Fortis, Fortis Bank and others
- Share purchase agreement (SPA) dated 10 October 2008 entered into by the Belgian State acting through the SFPI/FPIM, Fortis and others

According to legal opinion obtained, the parties have been bound by the terms and conditions of the *Protocole d'Accord* as subsequently amended by the Avenant no. 3 since Fortis transferred the 50% + one share in Fortis Bank to the Belgian State, but the realisation of the transactions referred to in the *Protocole d'Accord* as subsequently amended by the Avenant no. 3 (including the sale of the Portfolio Out) remains subject to a series of conditions precedent, including the approval by the shareholders of Fortis.

As stipulated in the *Protocole d'Accord*, the realisation of the conditions precedent will not be with retrospective effect. This implies that the conditions will apply as from the day they are all met and will be deemed not to have been met at the date of the agreement. This does not alter the fact that an agreement to sell the Portfolio Out has existed since 10 October 2008, even if the realisation of such sale has been suspended.

In the event that the conditions are not met by the expiry date, the entire *Protocole d'Accord* will become null and void.

From an accounting point of view (IAS 39), derecognition will take place once the entity has transferred all the risks and rewards of ownership of the financial asset.

According to the agreement, the risks related to the valuation of the Portfolio Out were conditionally transferred to the SPV based on a valuation as per 31 August 2008, with the exception of the exchange rate risk, the interest payments and the redemptions. That means that although ownership of the Portfolio Out will not be transferred to the SPV until the realisation date, any change in the value of the Portfolio Out since 31 August 2008 will be to the benefit or detriment of the SPV.

On the other hand, the exchange rate risk for those parts of the Portfolio Out that are denominated in a currency other than the euro will remain with Fortis Bank until the realisation date. The same applies to repayments and interest payments. Until the realisation date, the funding relating to the Portfolio Out will remain with Fortis Bank as well.

On these grounds, Fortis Bank considers that the Portfolio Out cannot be derecognised as at 31 December 2008. Consequently, the Portfolio Out has been measured and presented in a way consistent with the measurement and presentation of the structured credit instruments remaining with Fortis Bank, as described above.

Additional actions and negotiations between the parties involved in the SPA would be necessary to enable the SPA to be put into effect, including selection by SFPI/FPIM of those asset items in the portfolio to be transferred to the SPV and the finalisation of the conditions of the funding of the SPV. For those reasons, it is not possible for Fortis Bank to quantify the financial impact of the execution of the SPA until the clarifications and actions required from the parties involved in the SPA are provided and finalised.

The asset items to be sold have been priced based on net book value as at 31 August 2008, which takes no account of exchange rate fluctuations applicable to the portfolio between 31 August 2008 and the date of signing the agreement. The carrying value of those asset items in the accounts of Fortis Bank has decreased significantly since 31 August 2008, due to the further deterioration of the fair value of those assets. Market reference of the evolution in the fair value of the Portfolio Out (mainly US mortgage related, non prime) between end of August 2008 and end of December 2008, can be found in the evolution of indexes as the ABX Home Equity 06 – serie 2 index, with AAA and A ratings:

	End of December 2008	*End of August 2008*
ABX-HE-AAA 06 2	49.33%	66.26%
ABX-HE-A 06 2	5.25%	7.00%

It is not possible to quantify the final result on the sale of the Portfolio Out prior to the date of realisation due to, among other factors, changes in the fair value of the assets concerned, exchange rate fluctuations and redemptions prior to the realisation date.

18.5 Investment property

Investment property mainly comprises residential, commercial and mixed use real estate, located primarily in the Benelux countries. The following table shows the changes in Investment property for the year ended 31 December.

	2008	2007
Acquisition cost as at 1 January	**803**	**719**
Acquisition cost of discontinued operations as at 1 January	41	
Acquisition cost of continuing operations as at 1 January	**762**	
Acquisitions/divestments of subsidiaries	(35)	
Additions/purchases	69	110
Capital improvements		
Disposals	(39)	(45)
Transfers from (to) property, plant and equipment		
Foreign exchange differences		(5)
Other	43	24
Acquisition cost as at 31 December	**800**	**803**
Accumulated depreciation as at 1 January	**(114)**	**(114)**
Accumulated depreciation of discontinued operations as at 1 January		
Accumulated depreciation of continuing operations as at 1 January	**(114)**	
Acquisitions/divestments of subsidiaries	1	
Depreciation expense of discontinued operations 2007		
Depreciation expense of continuing operations	(24)	(21)
Reversal of depreciation due to disposals	13	22
Transfers from (to) property, plant and equipment		
Foreign exchange differences		
Other	2	(1)
Accumulated depreciation as at 31 December	**(122)**	**(114)**
Impairments as at 1 January	**(1)**	**(5)**
Impairments of discontinued operations as at 1 January		
Impairments of continuing operations as at 1 January	**(1)**	
Change in impairments of discontinued operations 2007		
Increase in impairments from continuing operations	(5)	
Reversal of impairments from continuing operations		2
Reversal of impairments due to disposals		2
Impairments as at 31 December	**(6)**	**(1)**
Net investment property as at 31 December	**672**	**688**
Cost of investment property under construction	28	27
Investment Property held under finance lease		

The fair value of Investment property is set out below.

	31 December 2008	*31 December 2007*
Fair values supported by market evidence	302	331
Fair value subject to an independent valuation	483	509
Total fair value of investment property	**785**	**840**
Total carrying amount	672	688
Gross unrealised gain/loss	113	152
Taxation	(36)	(67)
Net unrealised gain/loss (not recognised in equity)	**77**	**85**

The depreciation of buildings is calculated using the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. Investment property is split into the following components: structure, closing, technics and equipment, heavy finishing and light finishing.

The maximum useful life of the components is as follows:

Structure	50 years for offices and retail; 70 years for residential
Closing	30 years for offices and retail; 40 years for residential
Technics and equipment	20 years for offices; 25 years for retail and 40 years for residential
Heavy finishing	20 years for offices; 25 years for retail and 40 years for residential
Light finishing	10 years for offices, retail and residential

Land has an unlimited useful life and is therefore not depreciated. IT and office equipment are depreciated over their respective useful lives, which have been determined individually. As a general rule, residual values are considered to be zero.

Property rented out under operating lease

Fortis Bank rents certain assets – mainly property held for investment purposes – to external parties based on operating lease agreements. At 31 December the minimum lease payments to be received from irrevocable agreements amounted to:

	2008	*2007*
Not later than 3 months	122	51
Later than 3 months and not later than 1 year	153	18
Later than 1 year and not later than 5 years	291	102
Later than 5 years	175	205
Total	**741**	**376**

18.6 Investments in associates and joint ventures

The following table provides an overview of the most significant Investments in associates and joint ventures as at 31 December.

	2008	*2007*
	Carrying amount	*Carrying amount*
Joint ventures		
Banque de La Poste SA - Bank van De Post NV	84	67
Postbank Ireland LTD	17	44
Associates		
BAFB		990
BGL Investment Partners		150
Caipora International Finance Cooperatieve UA		107
Debra International Finance Cooperatieve UA		210
NIB Capital Foreign Debt fund V		150
RFS Holdings B.V.		23,930
Leyden Bay B.V.		1,376
Textainer Marine Containers LTD	48	37
Fortis Intertrust Group Holding	36	
Belgolaise	28	64
Aviation Cap Group Partners LLC	27	22
Fortis Haitong Investment Mgt Co Ltd	26	20
Trip Rail Leasing LLC	19	12
Fortis Luxembourg - Vie S.A.	19	36
RFH, TLD	16	17
Credissimo	13	12
CF Leasing LTD	10	5
Crédit pour habitations sociales - Krediet voor sociale woningen	10	9
Other	83	441
Total	**436**	**27,699**

Fortis Bank's interests in its principal associates for the year ended 31 December are as follows:

	Total assets	*Total liabilities*	*Total income*	*Total expenses*
2008				
Textainer Marine Containers LTD	558	376	92	(67)
Fortis Intertrust Group Holding	2,813	2,523	354	(307)
Belgolaise	52	52	32	(32)
Aviation Cap Group Partners LLC	413	386	46	(36)
Fortis Haitong Investment Mgt Co Ltd	62	12	57	(40)
Fortis Luxembourg - Vie S.A.	5,751	5,677	100	(89)
RFH, TLD	32		18	(6)
Credissimo	273	273	10	(10)
CF Leasing LTD	94	76	13	(8)

	Total assets	*Total liabilities*	*Total income*	*Total expenses*
2007				
BGL Investment Partners	591	10	83	(11)
Caipora International Finance Cooperatieve UA	429		35	(18)
Debra International Finance Cooperatieve UA	838		64	(34)
NIB Capital Foreign Debt fund V	200		21	(2)
BAFB	1,008		21	
Leyden Bay B.V.	1,831		23	(7)

Investments in joint ventures

Companies that Fortis Bank owns and controls jointly with other companies (joint ventures) are measured at net asset value. The most significant joint venture in which Fortis Bank participates is Bank van De Post / Banque de La Poste. Financial data about Banque de La Poste for the year ended 31 December is shown below.

Bank van De Post

Bank van De Post / Banque de La Poste, a jointly owned subsidiary of Fortis Bank and the Belgian Post Office, provides standard financial products and services, i.e. retail banking products, savings products, investments and credit facilities to individuals and businesses and insurance products via post offices in Belgium. Fortis Bank has a 50% economic interest in this joint venture.

	2008	*2007*
Joint venture Bank van De Post/Banque de La Poste (on a 100% basis)		
Income	308	290
Expenses	(305)	(280)
Total assets	7,105	6,440
Total liabilities	6,937	6,313

19 Trade and other receivables

The table below shows the components of Trade and other receivables as at 31 December.

	31 December 2008	31 December 2007
Fees and commissions receivable	184	238
Factoring receivables		1,959
Receivables related to securities transactions with banks	27	110
Receivables related to securities transactions with customers	474	1,457
Other	5,013	2,791
Total gross	**5,698**	**6,555**
Impairments	(18)	(9)
Net total	**5,680**	**6,546**

Other receivables include receivables related to VAT and other indirect taxes as well as transitory balances related to clearing activities.

Changes in impairments of Trade and other receivables

The following table shows the changes in the impairments of Trade and other receivables.

	2008	2007
Balance as at 1 January	**9**	**22**
Balance of discontinued operations as at 1 January	4	
Balance of continuing operations as at 1 January	**5**	
Acquisitions/divestments of subsidiaries		1
Change in impairments of discontinued operations 2007		
Increase in impairments from continuing operations	15	2
Reversal of impairments from continuing operations		
Write-offs of uncollectible amounts	(2)	(1)
Foreign exchange differences and other adjustments		(15)
Balance as at 31 December	**18**	**9**

20 Property, plant and equipment

The table below shows the carrying amount for each category of Property, plant and equipment as at 31 December.

	31 December 2008	*31 December 2007*
Land and buildings held for own use	1,259	1,449
Leasehold improvements	246	394
Equipment	753	816
Buildings under construction	23	56
Total	**2,281**	**2,715**

Changes in Property, plant and equipment

Changes in Property, plant and equipment for the years 2007 and 2008 are shown below.

	2008				
	Land and Buildings held for own use	*Leasehold improve-ments*	*Equipment*	*Buildings under construction*	*Total*
Acquisition cost as at 1 January	**2,314**	**738**	**1,641**	**56**	**4,749**
Acquisition cost of discontinued operations as at 1 January	129	261	345		735
Acquisition cost of continuing operations as at 1 January	**2,185**	**477**	**1,296**	**56**	**4,014**
Acquisitions/divestments of subsidiaries	(38)	(4)	(12)		(54)
Additions	106	67	237	10	420
Reversal of cost due to disposals	(72)	(16)	(141)		(229)
Foreign exchange differences	(10)	(26)	7		(29)
Other	(1)		6	(43)	(38)
Acquisition cost as at 31 December	**2,170**	**498**	**1,393**	**23**	**4,084**
Accumulated depreciation as at 1 January	**(858)**	**(344)**	**(824)**		**(2,026)**
Accumulated depreciation of discontinued operations as at 1 January	(33)	(119)	(259)		(411)
Accumulated depreciation of continuing operations as at 1 January	**(825)**	**(225)**	**(565)**		**(1,615)**
Acquisitions/divestments of subsidiaries	4	(1)	8		11
Depreciation expense of continuing operations	(93)	(50)	(151)		(294)
Reversal of depreciation due to disposals	32	15	80		127
Foreign exchange differences	1	8	6		15
Other	(1)	1	1		1
Accumulated depreciation as at 31 December	**(882)**	**(252)**	**(621)**		**(1,755)**
Impairments as at 1 January	**(7)**		**(1)**		**(8)**
Impairments of discontinued operations as at 1 January	(4)				(4)
Impairments of continuing operations as at 1 January	**(3)**		**(1)**		**(4)**
Divestments of subsidiaries					
Increase in impairments from continuing operations	(28)		(18)		(46)
Reversal of impairments from continuing operations	2				2
Reversal of impairments due to disposals					
Other					
Impairments as at 31 December	**(29)**		**(19)**		**(48)**
Property, plant and equipment as at 31 December	**1,259**	**246**	**753**	**23**	**2,281**

					2007
	Land and Buildings held for own use	*Leasehold improve-ments*	*Equipment*	*Buildings under construction*	*Total*
Acquisition cost as at 1 January	**2,252**	**590**	**1,239**	**25**	**4,106**
Acquisitions/divestments of subsidiaries	5	5	11		21
Additions	140	167	636	59	1,002
Reversal of cost due to disposals	(78)	(22)	(145)		(245)
Foreign exchange differences		(1)	(31)		(32)
Other	(5)	(1)	(69)	(28)	(103)
Acquisition cost as at 31 December	**2,314**	**738**	**1,641**	**56**	**4,749**
Accumulated depreciation as at 1 January	**(802)**	**(307)**	**(824)**		**(1,933)**
Acquisitions/divestments of subsidiaries		1			1
Depreciation expense of discontinued operations	(3)	(16)	(31)		(50)
Depreciation expense of continuing operations	(86)	(38)	(118)		(242)
Reversal of depreciation due to disposals	32	14	120		166
Foreign exchange differences		1	1		2
Other	1	1	28		30
Accumulated depreciation as at 31 December	**(858)**	**(344)**	**(824)**		**(2,026)**
Impairments as at 1 January	**(11)**	**(1)**	**(8)**		**(20)**
Divestments of subsidiaries					
Change in impairments of discontinued operations					
Increase in impairments from continuing operations					
Reversal of impairments from continuing operations					
Reversal of impairments due to disposals	4	1	7		12
Other					
Impairments as at 31 December	**(7)**		**(1)**		**(8)**
Property, plant and equipment as at 31 December	**1,449**	**394**	**816**	**56**	**2,715**

Amounts in Other in Land and Buildings held for own use and Buildings under construction relate primarily to transfers to and from buildings held for sale.

Of the Property, plant and equipment listed above, there was no amount that has been pledged as collateral for loans (2007: EUR 6 million).

At 31 December 2008, Property, plant and equipment included no amount related to capitalised funding costs (2007: EUR 0 million).

Fair value of Land and buildings held for own use.

The fair value of owner-occupied property is set out below.

	31 December 2008	31 December 2007
Total fair value of Land and buildings held for own use	**1,485**	**1,793**
Total carrying amount	1,259	1,449
Gross unrealised gain/loss	226	344
Taxation	(72)	(110)
Net unrealised gain/loss (not recognised in equity)	**154**	**234**

The depreciation of buildings is calculated using the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. The real estate is split into the following components: structure, closing, technics and equipment, heavy finishing and light finishing.

The maximum useful life of the components is as follows:

Structure	50 years for offices and retail; 70 years for residential
Closing	30 years for offices and retail; 40 years for residential
Technics and equipment	20 years for offices; 25 years for retail and 40 years for residential
Heavy finishing	20 years for offices; 25 years for retail and 40 years for residential
Light finishing	10 years for offices, retail and residential

Land has an unlimited useful life and is therefore not depreciated. IT and office equipment are depreciated over their respective useful lives, which have been determined individually. As a general rule, residual values are considered to be zero.

21 Goodwill and other intangible assets

Goodwill and other intangible assets as at 31 December are as follows:

	31 December 2008	*31 December 2007*
Goodwill	1,609	1,025
Purchased software	82	141
Internally developed software	16	268
Other intangible assets	285	125
Total	**1,992**	**1,559**

Goodwill is tested for impairment at least annually by comparing the recoverable amount to the carrying value. Other intangible assets are amortised in accordance with the expected lives of the assets.

Other intangible assets include intangible assets with definite useful lives, such as concessions, patents, licences, trademarks and other similar rights. In general, software is amortised over a maximum of five years and other intangible assets have an expected useful life of ten years at most.

With the exception of goodwill, Fortis Bank does not have intangible assets with indefinite useful lives.

Changes in Goodwill and other intangible assets

Changes in Goodwill and other intangible assets for the years 2007 and 2008 are shown below.

					2008
	Goodwill	*Purchased software*	*Internally developed software*	*Other intangible assets*	*Total*
Acquisition cost as at 1 January	**1,025**	**304**	**272**	**209**	**1,810**
Acquisition cost of discontinued operations as at 1 January	54	49	21		124
Acquisition cost of continuing operations as at 1 January	**971**	**255**	**251**	**209**	**1,686**
Acquisitions/divestments of subsidiaries	3,309	8	2	538	3,857
Additions	6	54	191	12	263
Reversal of cost due to disposals		(2)	(44)		(46)
Foreign exchange differences	(328)	(6)		(8)	(342)
Other	(939)	(1)	7	8	(925)
Acquisition cost as at 31 December	**3,019**	**308**	**407**	**759**	**4,493**
Accumulated amortisation as at 1 January		**(163)**	**(3)**	**(86)**	**(252)**
Accumulated amortisation of discontinued operations as at 1 January		(40)			(40)
Accumulated amortisation of continuing operations as at 1 January		**(123)**	**(3)**	**(86)**	**(212)**
Acquisitions/divestments of subsidiaries		(7)		(30)	(37)
Amortisation expense of continuing operations		(51)	(11)	(78)	(140)
Reversal of amortisation due to disposals					
Foreign exchange differences		3		7	10
Other		(5)	(9)	(53)	(67)
Accumulated amortisation as at 31 December		**(183)**	**(23)**	**(240)**	**(446)**
Impairments as at 1 January					
Impairments of discontinued operations as at 1 January					
Impairments of continuing operations as at 1 January					
Divestments of subsidiaries					
Increase in impairments from continuing operations	(1,441)	(43)	(412)	(236)	(2,132)
Reversal of impairments from continuing operations					
Foreign exchange differences	30				30
Other	1		44	2	47
Impairments as at 31 December	**(1,410)**	**(43)**	**(368)**	**(234)**	**(2,055)**
Goodwill and other intangible assets as at 31 December	**1,609**	**82**	**16**	**285**	**1,992**

	2007				
	Goodwill	*Purchased software*	*Internally developed software*	*Other intangible assets*	*Total*
Acquisition cost as at 1 January	**744**	**227**	**60**	**160**	**1,191**
Acquisitions/divestments of subsidiaries	280	4		4	288
Additions		94	208	48	350
Adjustments arising from subsequent changes in value of assets and liabilities	(3)				(3)
Reversal of cost due to disposals		(18)	(2)		(20)
Foreign exchange differences	5	(1)		(4)	
Other	(1)	(2)	6	1	4
Acquisition cost as at 31 December	**1,025**	**304**	**272**	**209**	**1,810**
Accumulated amortisation as at 1 January		**(154)**		**(48)**	**(202)**
Acquisitions/divestments of subsidiaries		1			1
Amortisation expense of discontinued operations		(4)			(4)
Amortisation expense of continuing operations		(33)	(4)	(27)	(64)
Reversal of amortisation due to disposals		16			16
Foreign exchange differences		1			1
Other		10		(9)	1
Accumulated amortisation as at 31 December		**(163)**	**(4)**	**(84)**	**(251)**
Impairments as at 1 January				**(9)**	**(9)**
Divestments of subsidiaries					
Change in impairments of discontinued operations					
Increase in impairments from continuing operations					
Reversal of impairments from continuing operations					
Other				9	9
Impairments as at 31 December					
Goodwill and other intangible assets as at 31 December	**1,025**	**141**	**268**	**125**	**1,559**

Impairment of goodwill

Impairment testing of goodwill is performed annually at the end of the year by comparing the recoverable amount of cash-generating units (CGU) with their carrying amount. The recoverable amount is the higher of either the value in use or fair value less costs to sell. The type of acquired entity determines the definition of the type of CGU. Currently all CGUs have been defined at (legal) entity level.

The recoverable amount of a CGU is assessed by means of a discounted cash-flow model using the anticipated future cash flows of the CGU. The key assumptions used in the cash-flow model depend on input that reflects various financial and economic variables, including the risk-free rate in a given country and a premium to cover the inherent risk of the entity concerned. These variables are determined on the basis of management's judgement. If the entity is listed on the stock market, its market price will also be a factor in the assessment.

The breakdown of goodwill and impairments for the main cash-generating units as at 31 December 2008 is as follows:

	Goodwill amount	*Impairments*	*Net amount*	*Segment*	*Method used for recoverable amount*
Cash-generating unit (CGU)					
Fundamentum Asset Management	28	(28)	0	Private Banking	Value in use
Fortis Energy	136	(136)	0	Merchant Banking	Value in use
Alpha Credit	22		22	Retail Banking	Value in use
Von Essen KG Bank	28	(28)	0	Retail Banking	Value in use
Cadogan	98	(41)	57	Asset Management	Value in use
Fortis Bank AS (Turkey)	247		247	Multi-segment banking	Value in use and market price
Dominet S.A.	204	(204)	0	Retail Banking	Value in use
Captive Finance Limited	19		19	Merchant Banking	Value in use
ABN AMRO Asset Management Holding	2,156	(961)	1,195	Asset Management	Value in use
Other	81	(12)	69		Value in use
Total	**3,019**	**(1,410)**	**1,609**		

Trigger-based impairment tests were performed at the end of the third quarter 2008 on the entities that were expected to suffer the most from the structure change at Fortis Bank.
Goodwill impairment testing as required by IFRS was performed at year-end 2008.

On both occasions Fortis Bank performed the test by comparing the value in use of the entities, computed using the anticipated future cash flows and the carrying value of the various entities. The outcome for some of the entities turned out to be an impairment.

The different elements of the discount rate used in the discounted cash flow model were calculated taking into account differentiated parameters reflecting the market's assessment, if available, of the risk specific to the type of business or to the entity. The objective was to use a rate of return that investors would require if they were to choose an investment that would generate cash flow similar in timing, risk and amount to the one that the Bank expects to derive from the entity.

To be able to fulfil this objective, discount rates were built up based on three elements, each of which was separately assessed for each entity:

- The risk-free rate is differentiated by currency and country and based on market assessment on the date the impairment test is performed.
- The equity risk premium, representing the return above and beyond the risk-free rate an investor expects to earn as compensation for assuming greater risk, is differentiated per country and currency.
- The beta is based on market data from specialist data providers based on peer comparisons. The beta attempts to reflect the sensitivity of the equity price to movements in the broader market. A value of 1 means the equity risk premium will move in line with the market. In the calculation for Fortis Bank, the beta parameter is higher than 1 (except for entities engaged in leasing).

Expected cash flows were submitted by each of the entities and represent management's best estimate based on the information available at the time of the impairment testing and approved by the businesses.

The recognised impairment is due to a combination of external factors, including overall deterioration of the economic environment, market turmoil and uncertainty about growth perspectives. A consequence of the structure change at Fortis Bank was the loss of the distribution channels of Fortis Bank Nederland (Holding) – including ABN AMRO – and played an important role in the assessment process.

The EUR 961 million impairment regarding ABN AMRO Asset Management Holding – whose entities are subsidiaries of Fortis Investment Management – is the result of the loss of the Dutch distribution channels combined with the poor growth perspectives for asset management. The goodwill impairment regarding Cadogan was based on the same assumptions. Both goodwill impairments, for ABN AMRO Asset Management Holding and Cadogan, were based on an external valuation.

The full impairment of Dominet Bank goodwill is linked to the uncertain growth perspectives and the loss of confidence in the economic environment in the market in which the entity operates (Poland). The rate used for discounting the cash flows was 10.7%.

Fortis Energy goodwill was entirely impaired due to the deterioration of the economic environment and the related downward revision of growth perspectives. The rate used for discounting the cash flows was 13.1%.

Von Essen Bank goodwill was entirely impaired due to the deterioration of the economic environment and uncertainties shown up by the growth model, which crystallised in the closure of the Credit4me branches. The rate used for discounting the cash flows was 13.1%.

The discount rate used for Fortis Bank Turkey was 11.2%, for Alpha Credit 10.8% and for Captive Finance 10.0%.

There were no impairments of goodwill in 2007.

22 Accrued interest and other assets

The table below shows the components of Accrued interest and other assets as at 31 December.

	31 December 2008	31 December 2007
Deferred other charges	550	494
Accrued interest income	44,635	35,751
Accrued other income	812	2,733
Derivatives held for hedging purposes	296	1,299
Buildings held for sale	46	14
Defined benefit assets	301	1,898
Other	44,296	34,268
Total gross	**90,936**	**76,457**
Impairments	(34)	(23)
Accrued interest and other assets	**90,902**	**76,434**

Derivatives held for hedging purposes contain the positive fair value of all derivatives qualifying as hedging instruments. EUR 296 million (2007: EUR 1,297 million) is related to fair value hedges. The hedging strategies are further explained in note 6 ‘Risk Management’.

For more details on ‘defined benefit assets’ see note 8: ‘Post-employment benefits, Other long-term employee benefits and Termination benefits’.

All purchases and sales of financial assets requiring delivery within the time frame established by regulation or market convention are recognised on the trade date, i.e. the date when Fortis Bank becomes a party to the contractual provisions of the instrument. The line Other contains temporary balancing amounts between trade date and settlement date.

The line ‘Other’ also includes the asset pools of Scaldis (2008: EUR 4,141 million; 2007: EUR 6,169 million). The asset pools contain continuous financing of third party clients’ assets such as consumer and auto loans, trade receivables, mortgages and lease receivables.

23 Due to banks

The table below shows the components of Due to banks.

	31 December 2008	31 December 2007
Deposits from banks:		
Demand deposits	9,491	10,243
Time deposits	39,262	77,537
Deposits from Central Banks	9,205	136
Total deposits	**57,958**	**87,916**
Repurchase agreements	44,940	69,339
Securities lending transactions	2,313	12,560
Advances against collateral	27,783	21,009
Held at fair value through profit or loss	315	381
Other	608	936
Total due to banks	**133,917**	**192,141**

The average balance of Due to banks amounted to EUR 202,210 million (2007: EUR 195,554 million). The average yield in 2008 was 4.36% (2007: 4.16%). Non-interest bearing deposits from banks were EUR 199 million in 2008 (2007: EUR 241 million). The contractual amount to be repaid on Loans held at fair value through profit or loss is EUR 314 million (2007: EUR 384 million).

In the Merchant Banking segment, Fortis Bank has designated financial liabilities classified in Due to banks held at fair value through profit or loss. In accordance with the Merchant Banking investment strategies, financial assets and financial liabilities, including derivatives, are aggregated in specific portfolios. These portfolios are managed and their performance is measured and reported on a fair value basis.

There is no significant difference between the carrying amount of the Liabilities held at fair value through profit or loss and the nominal value of these liabilities.

Contractual terms of deposit held by banks

Deposits held by banks by year of contractual maturity as at 31 December are as follows:

	2008	2007
2008		87,475
2009	55,570	52
2010	1,044	23
2011	1,027	19
2012	31	28
2013	15	
Later	271	319
Total deposits	**57,958**	**87,916**

24 Due to customers

The components of Due to customers are as follows:

	31 December 2008	31 December 2007
Demand deposits	58,823	87,190
Saving deposits	35,506	50,795
Time deposits	47,374	79,245
Other deposits	50	301
Total deposits	**141,753**	**217,531**
Repurchase agreements	73,635	41,857
Securities lending transactions	943	5,425
Other borrowings	378	2,320
Held at fair value through profit or loss	1,106	31
Total due to customers	**217,815**	**267,164**

The average balance of Due to customers amounted to EUR 268,692 million in 2008 (2007: EUR 271,181 million). The average yield was 3.37% in 2008 (2007: 2.9%). The contractual amount to be repaid on Loans held at fair value through profit or loss is EUR 1,098 million (2007: EUR 33 million).

Fortis Bank has designated financial liabilities classified in Due to customers held at fair value through profit or loss. In accordance with the defined investment strategies, financial assets and financial liabilities, including derivatives, are aggregated in specific portfolios. These portfolios are managed and their performance is measured and reported on a fair value basis.

Customers deposits

The average rates of interest paid on deposits during the year ended 31 December are shown below.

	2008	2007
Interest bearing demand deposits	1.3%	1.8%
Saving deposits	2.4%	2.0%
Time deposits	5.6%	4.3%

The average amount of customers deposits during the year was EUR 196,939 million (2007: EUR 210,518 million).

Maturity dates of customers deposits

The maturity dates of customers deposits as at 31 December are shown below.

	2008	*2007*
2008		202,517
2009	129,820	1,827
2010	1,719	1,400
2011	1,117	928
2012	1,450	1,314
2013	2,140	
Later	5,507	9,545
Total customer deposits	**141,753**	**217,531**

25 Debt certificates

The following table shows the types of Debt certificates issued by Fortis Bank and the amounts outstanding as at 31 December.

	31 December 2008	*31 December 2007*
Bons de caisse / Kasbons	6,864	5,387
Commercial paper	28,609	70,274
Other	7,491	5,750
Total at amortised cost	**42,964**	**81,411**
Held at fair value through profit or loss	6,653	13,643
Total debt certificates	**49,617**	**95,054**

The average balance of Debt certificates amounted to EUR 89,130 million in 2008 (2007: EUR 100,017 million). The average yield was 4.20% in 2008 (2007: 3.60%).

Fortis Bank has designated selected Debt certificates with embedded derivatives and corresponding investments as Held at fair value through profit or loss, reducing a potential accounting mismatch. The Debt certificates issued combined with the embedded derivatives, are designated as Held at fair value through profit or loss, thus avoiding the separation of the embedded derivative from the host contract. The nominal value of Debt securities held at fair value through profit or loss was EUR 7,662 million as at 31 December 2008 (2007: EUR 13,713 million).

The contractual maturity of the outstanding balance of Debt certificates as at 31 December is shown below.

	2008	*2007*
2008		55,961
2009	33,065	11,427
2010	5,428	6,921
2011	2,771	6,722
2012	2,315	6,315
2013	1,440	
Later	4,598	7,708
Total debt certificates	**49,617**	**95,054**

26 Subordinated liabilities

The following table provides a specification of subordinated liabilities as at 31 December.

	31 December 2008	*31 December 2007*
Liability component of subordinated convertible securities		2,106
Hybrid Tier-1 non-innovative (held at fair value through profit or loss)	1,725	3,128
Hybrid Tier-1 innovative (at amortised cost)	1,993	2,441
Other subordinated liabilities at amortised cost	16,068	13,482
Other subordinated liabilities held at fair value through profit or loss	1,948	1,971
Fair value adjustment from hedge accounting	198	(31)
Total subordinated liabilities	**21,932**	**23,097**

The average balance of subordinated liabilities was EUR 23,632 million in 2008 (2007: EUR 16,568 million). The average yield was 5.97% in 2008 (2007: 3.3%).

The change in fair value of Hybrid Tier-1 non-innovative subordinated liabilities which was due to own credit risk amounted to EUR (658.2) million during 2008 and to EUR (619.5) million cumulatively since inception.

26.1 Hybrid Tier 1 non-innovative

26.1.1 Subordinated convertible securities: CASHES

On 19 December 2007, Fortis Bank SA/NV issued undated floating rate convertible and subordinated hybrid equity-linked securities (CASHES) with a nominal value of EUR 3 billion and a denomination of EUR 250,000 each. Coupons on the securities are payable quarterly, in arrears, at a variable rate of three month Euribor + 2.0%.

For regulatory purposes, the CASHES are treated as part of Tier 1 capital. The CASHES constitute direct and subordinated obligations of Fortis Bank SA/NV, Fortis SA/NV and Fortis N.V. jointly and severally as co-obligors.
The CASHES are subordinate to all other loans, subordinated loans and preference shares, but rank senior to ordinary shares. The principal amount of the securities will never be repaid in cash. The sole recourse of the holders of the CASHES securities against any of the co-obligors with respect to the principal amount is equal to the 125,313,283 Fortis shares that Fortis Bank SA/NV has pledged in favour of such holders.

From 19 December 2014 onwards, the bonds will be automatically exchanged for Fortis shares if the price of Fortis shares is equal to or higher than EUR 35.91 on twenty consecutive stock exchange business days. The CASHES have no maturity date, but may be exchanged for Fortis shares at a price of EUR 23.94 per share at the discretion of the holder.

At the time of issuance of the CASHES instrument, Fortis SA/NV and Fortis Bank agreed a Relative Performance Note (RPN), the fair value of which was to neutralise the impact on Fortis Bank of differences in the value changes in the CASHES and value changes in the related Fortis shares that occur on Fortis Bank's balance sheet and otherwise affect Fortis Bank's profit or loss.

The initial agreement between Fortis Bank and Fortis SA/NV was still in place on 31 December 2008. Some conditions of that agreement were amended in *Avenant 3* to the *Protocole d'Accord* between Fortis Holding, the Belgian State and BNP Paribas, but on the date of this Annual Report, it is still uncertain whether the *Protocole d'Accord* will be implemented. It was agreed to leave the RPN in place and to provide an interest payment mechanism between Fortis and Fortis Bank based on the reference amount of the RPN, with payment of interest from the third quarter of 2009 onwards. If Fortis defaulted on its interest payments in respect of the RPN (and the Belgian State did not elect to make such interest payments in stead of Fortis), Fortis Bank would have the option to terminate the RPN. In the case of such termination, Fortis would be required to pay Fortis Bank the amount due under the RPN (subject to a cap of EUR 2.35 billion).

Depending on movements in the fair value of the CASHES and Fortis shares, either Fortis or Fortis Bank will owe an amount to the other party under the RPN. The party owing this reference amount will be required to pay interest on such amount to the other party on a quarterly basis at a rate of Euribor 3 months plus 20 basis points.

At the end of 2008, the basis for the calculation of the RPN interest payments amounted to EUR 29 million due by Fortis to Fortis Bank and will evolve over time in accordance with changes in the fair value of the CASHES instrument and changes in the fair value of the related Fortis shares.

From the start of the transaction, Fortis Bank has treated the liability component of the CASHES instrument, including an embedded derivative, as held at fair value through profit or loss, thus avoiding the separation of the embedded derivative from the host contract.

To avoid volatility in profit or loss due to an accounting mismatch, it was decided in 2007 to treat the related Fortis shares and the RPN as held at fair value through profit or loss.

The fair value of the CASHES instrument (liability) and the fair value of the related Fortis shares are based on the market prices quoted at the end of the reporting period. As at 31 December 2008, Fortis Bank performed consistently with the previous year's valuation of the RPN, based on the difference between the change in fair value of the CASHES instrument since inception and the change in the value of the related Fortis shares since inception.

The valuation of the CASHES, the related Fortis shares and the RPN are based on the initial assumptions of the transaction, i.e. the principal amount of the CASHES will not be repaid in cash and that the sole recourse of the holders of the CASHES is the 125 million Fortis shares that Fortis Bank has pledged in favour of such holders. At 31 December 2008, the liability component of the CASHES is valued at EUR 796 million, the Fortis shares at EUR 117 million and the RPN at EUR 29 million.

The valuation of the CASHES and the RPN could be different if other assumptions had been applied, potentially prompted by changes in the organisational structure of the former Fortis group, changes to the initial agreement on the issue of the RPN as foreseen in *Avenant 3* to the *Protocole d'Accord* between Fortis Holding, the Belgian State and BNP Paribas and changes in the financial markets in general and the underlying parameters for valuing these instruments.

Fortis Bank has applied a fair value valuation technique, taking into account the potential impact of the changes mentioned above, to value the CASHES instrument and the RPN as perpetual financial instruments. These calculations lead to values for the CASHES instrument and the RPN in line with the fair values determined based on the market prices quoted on 31 December 2008. Fortis Bank has therefore decided to maintain the valuation of the CASHES instrument, the related Fortis shares and the RPN based on the market prices quoted on 31 December 2008.

26.1.2 Hybrid Tier 1 non-innovative loans entered into by Fortis Bank (related to Nitsh I and II)

In 2006, Fortis set up Fortis Hybrid Financing S.A., a special purpose vehicle in the form of a Luxembourg limited liability company. Its sole purpose was to provide a vehicle for raising solvency capital for Fortis SA/NV and Fortis N.V. and the operating companies of the former Fortis group by issuance of securities which would rank pari passu, and investing the proceeds thereof in instruments (other than ordinary share capital) issued by any of the former Fortis operating companies (in banking or insurance) that qualified as solvency for that entity.

Consequently, and on the back of hybrid Tier 1 securities issued by Fortis Hybrid Financing in the course of 2008, Fortis Bank concluded two subordinated hybrid Tier 1 loans with Fortis Hybrid Financing:

- A perpetual loan for a nominal amount of USD 750 million, dated 27 February 2008, at an interest rate of 8.28% (on-loan of Nitsh I issued by Fortis Hybrid Financing on 27 February 2008) Fortis Bank may terminate this loan at its discretion as from 27 August 2013.
- A perpetual loan for a nominal amount of EUR 375 million, dated 2 June 2008, at an interest rate of 8.03% (on-loan of Nitsh II issued by Fortis Hybrid Financing on 27 February 2008). Fortis Bank may terminate this loan at its discretion as from 2 June 2013.

Fortis Bank treats both subordinated perpetual loans as held at fair value through profit or loss in order to avoid an accounting mismatch. The interest rate risk related to the fixed rate to be paid on the loans and the risk that the loans be called by the issuer after five years have been hedged by entering into derivatives contracts measured at fair value through profit or loss.

These subordinated perpetual loans are loans between Fortis Hybrid Financing and Fortis Bank and are not the Nitsh I and Nitsh II loans issued by Fortis Hybrid Financing. As such, the loans between Fortis Bank and Fortis Hybrid Financing and the Nitsh I and Nitsh II have a different risk profile, due to differences in the credit risk profile of the debtor, being Fortis Bank or Fortis Hybrid Financing.

The fair value of the subordinated perpetual loans between Fortis Bank and Fortis Hybrid Financing is determined based on a mark-to-model valuation using the performance of the Fortis Bank CDS spread with the addition of a supplement reflecting the subordinated nature of these loans.

26.2 Hybrid Tier 1 innovative securities issued directly by Fortis Bank

In 2001 and 2004, Fortis Bank directly issued perpetual hybrid debt securities each with a nominal value of EUR 1,000 million. Both issues share very similar features. They are redeemable in whole and not in part, at the option of the issuer after ten years. The securities benefit from a support agreement entered into by Fortis SA/NV and Fortis N.V.

- Redeemable perpetual cumulative debt securities with a nominal value of EUR 1,000 million issued by Fortis Bank in 2001, at an interest rate of 6.50% until 26 September 2011 and the three-month euro reference rate + 2.37% thereafter
- Directly issued perpetual securities with a nominal value of EUR 1,000 million issued by Fortis Bank in 2004, at an interest rate of 4.625% until 27 October 2014 and the three-month euro reference rate + 1.70% thereafter.

26.3 Other subordinated liabilities

Other subordinated liabilities include:

- debt securities denominated in various currencies
- perpetual loans denominated in various currencies

Fortis Bank has decided to value selected subordinated liabilities and corresponding investments at fair value through profit or loss, reducing an accounting mismatch.

Fortis Bank hedges the interest rate risk attached to fixed rate subordinated liabilities on a portfolio basis (macro hedging) using interest rate swaps. The hedged liabilities are subordinated issues with the following features:

- denominated in local currency (euro)
- fixed term to maturity
- fixed principal amounts
- fixed interest payment dates
- do not involve interest rate options or embedded derivatives
- accounted for on an amortised cost basis.

Subordinated liabilities with these features form the portfolio of liabilities on the basis of which the hedged item is recognised. Subordinated liabilities included in a portfolio hedge of interest rate risk need to share the risk being hedged. Cash flows are allocated to monthly time buckets based on contractual maturity dates.

Hedging instruments are plain vanilla interest rate swaps entered into with external counterparties at market rates prevailing at the time of the transaction.

Changes in the fair value of the subordinated liabilities that are attributable to the hedged interest rate risk are recorded under fair value adjustment to hedge accounting in order to adjust the carrying amount of the subordinated liabilities. The difference between the fair value and the carrying value of the hedged subordinated liabilities at the time of hedging is amortised over the remaining life of the hedged item and is reported in fair value adjustment to hedge accounting.

26.4 Other subordinated liabilities held at fair value through profit or loss

The total nominal value of other subordinated liabilities held at fair value through profit or loss amounted to EUR 1,879 million at year-end.

27 Other borrowings

The table below shows the components of Other borrowings as at 31 December.

	2008	2007
Obligation to return securities	61	1,605
Finance lease obligations	17	61
Private loans	172	489
Deposits related to margin accounts and collateral	170	195
Other	145	315
Total other borrowings	**565**	**2,665**

Finance lease obligations

Fortis Bank's obligations under finance lease agreements are detailed in the table below.

	Minimum lease payments		*Present value minimum lease payments*	
	2008	2007	2008	2007
Not later than 3 months	12	40	12	40
Later than 3 months and not later than 1 year	1	3	1	3
Later than 1 year and not later than 5 years	3	18	3	17
Later than 5 years	1	1	1	1
Total	**17**	**62**	**17**	**61**
Future finance charges		1		

Other borrowings

Other borrowings are classified by remaining maturity in the table below.

	2008	2007
Not later than 3 months	489	2.006
Later than 3 months and not later than 1 year	73	150
Later than 1 year and not later than 5 years	2	117
Later than 5 years	1	392
Total	**565**	**2.665**

28 Provisions

The table below shows the breakdown of Provisions as at 31 December.

	2008	*2007*
Credit commitments	773	447
Restructuring	87	43
Other	471	352
Total provisions	**1,331**	**842**

Provisions for credit commitments are allowances covering credit risk on Fortis Bank's credit commitments recorded off-balance that have been individually or on a portfolio basis identified as impaired. The amount of the impairment is the present value of the cash-flows, which Fortis Bank expects to be required to settle its commitment.

Restructuring provisions cover the costs of restructuring plans for which implementation has been formally announced by Fortis Bank's management. Restructuring provisions are related to the integration of acquired entities and to the further streamlining of the global Fortis Bank organisation and infrastructure. Restructuring provisions include allowances for staff and other operating expenses.

Other provisions consist of provisions for tax and legal litigations.

The tax and legal litigation provisions are based on best estimates available at the year end based on the opinion of legal and tax advisors. The timing of the outflow of cash related to these provisions is by nature uncertain given the unpredictability of the outcome and the time involved in concluding litigations.

Changes in Provisions during the year are as follows:

	Credit commitments	*Restructuring*	*Other*	*Total*
Provisions as at 1 January 2007	**229**	**133**	**355**	**717**
Acquisition and divestment of subsidiaries				
Change in provisions from discontinued operations 2007	(5)	1	10	6
Increase of provisions from continuing operations	370	36	50	456
Reversal of unused provisions from continuing operations	(146)	(92)	(13)	(251)
Utilised during the year		(22)	(37)	(59)
Accretion of interest				
Foreign exchange differences	(4)		2	(2)
Other	3	(13)	(15)	(25)
Provisions as at 31 December 2007	**447**	**43**	**352**	**842**
Balance of discontinued operations as at 1 January	6	5	36	47
Balance of continuing operations as at 1 January	**441**	**38**	**316**	**795**
Acquisition and divestment of subsidiaries		74	4	78
Increase of provisions from continuing operations	340	68	251	659
Reversal of unused provisions from continuing operations	(50)	(95)	(33)	(178)
Utilised during the year		(7)	(41)	(48)
Accretion of interest				
Foreign exchange differences	2		(6)	(4)
Other	40	9	(20)	29
Provisions as at 31 December 2008	**773**	**87**	**471**	**1,331**

29 Current and deferred tax assets and liabilities

The table below summarises the tax position as at 31 December:

	2008			2007		
	Current	Deferred	Total	Current	Deferred	Total
Assets	365	2,089	2,454	313	2,126	2,439
Liabilities	363	162	525	1,010	414	1,423

The components of deferred tax assets and deferred tax liabilities as at 31 December are shown on the next page.

	Balance sheet		Income statement	
	2008	2007	2008	2007
Deferred tax assets:				
Assets held for trading				
(trading securities /derivative financial instruments /other assets held for trading)	149	36	114	(36)
Liabilities held for trading				
(short security sales / derivative financial instruments /other liabilities held for trading)	523	213	250	(69)
Investments (Held to maturity/Available for sale)	1,531	365	(54)	(22)
Investment property	1	2		1
Property, plant and equipment	2	21	(2)	(3)
Intangible assets (excluding goodwill)	7	5	2	3
Due from customers	34	194	(134)	36
Impairments on loans	369	167	229	(53)
Debt certificates and subordinated liabilities	70	46	23	26
Provisions for pensions and post-retirement benefits	10	251	(4)	1
Other provisions	294	213	93	79
Accrued expenses and deferred income	54	27	32	7
Unused tax losses	3,437	1,376	1,974	1,096
Other	683	88	614	35
Gross deferred tax assets	**7,164**	**3,004**	**3,137**	**1,101**
Write down deferred tax assets	(3,592)	(86)	(2,548)	2
Net deferred tax assets	**3,572**	**2,918**	**589**	**1,103**
Deferred tax liabilities related to:				
Assets held for trading				
(trading securities /derivative financial instruments /other assets held for trading)	237	498		(94)
Liabilities held for trading				
(short security sales / derivative financial instruments /other liabilities held for trading)	1	1		(1)
Investments (Held to maturity/Available for sale)	(20)	85	(47)	(23)
Investment property	12	9	(3)	1
Property, plant and equipment	122	135	5	38
Intangible assets (excluding goodwill)	42	94	231	(58)
Due from customers	135	81	(115)	30
Impairments on loans		9	2	1
Debt certificates and subordinated liabilities	599	18	(582)	6
Provisions for pensions and post- retirement benefits		5		
Other provisions	10	130	46	(2)
Deferred expense and accrued income	6	65	59	(7)
Other	501	76	(154)	(19)
Total deferred tax liabilities	**1,645**	**1,206**	**(558)**	**(128)**
Deferred tax income (expense)			**31**	**975**
Net deferred tax	**1,927**	**1,712**		

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. The amounts offset in the balance sheet are:

	2008	*2007*
Deferred tax asset	2,089	2,126
Deferred tax liability	162	414
Net deferred tax	**1,927**	**1,712**

As at 31 December 2008, the aggregate deferred and current tax relating to items that are charged to equity amounted to EUR (575) million and EUR (2.0) million respectively (2007: EUR (214) million and EUR 4 million respectively).

Deferred tax assets are recognised to the extent that it is probable that there will be sufficient future taxable profit against which the deferred tax asset can be utilised. No deferred tax assets have been recognised on unused tax losses and unused tax credits of EUR 4,479 million (2007: EUR 472 million) that can be carried forward unlimited in time and on unused tax losses of EUR 3,185 million expiring over five years.

Deferred tax assets depending on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences amount to EUR 39 million (2007: EUR 847 million) and have been recognised based on the expectation that sufficient taxable income will be generated in future years to utilise these deferred tax assets.

The increase in gross deferred tax assets is the result of the deterioration in market conditions which crystallised in a major impairment of Fortis Bank’s structured credit and CDO portfolio, as well as losses on Financial Markets activities.

Deferred tax assets are only recognised to the extent that it is probable that the entity will have sufficient future taxable profits against which they can be offset in future (ranging from a 5 to 8 year maximum period depending on concerned entities). An analysis of this is made at the level of each separate taxable unit on each closing date.

The outcome of this analysis resulted in a write-down of deferred tax assets amounting to EUR 2,315 million in 2008.

Market turmoil and the uncertainties about both the economic environment and Fortis Bank’s future business model had a significant impact on the estimation of the future taxable profit-generating capability of Fortis Bank entities and the correlated ability to absorb deferred tax assets.

For Fortis Bank SA/NV taxable in Belgium, recognised deferred tax assets correspond to estimated realistic taxable profits within a probable absorption horizon. In case of deferred tax assets related to unrealised gains and losses accounted for through equity, the excess was written down proportionally through equity.

Fortis Bank UK Branch, Von Essen Bank and FIM activities in Japan all wrote down fully or partially their net deferred tax assets based on the assumption that carried-forward trading losses would probably exceed taxable profits.

Adjusted business plans and uncertainty regarding Fortis Bank’s activities in the German market were additional reasons for a write down for Von Essen Bank.

An additional write-down of EUR 1,277 million was made by the New York Branch of Fortis Bank as a result of the change of ownership rule. The underlying losses mainly related to the CDO Portfolio. The change in ownership of Fortis Bank implies that the deferred tax assets only can be recovered under very stringent conditions, leading to the conclusion that the loss carry forward of the past will not be recuperated.

Deferred tax liabilities of EUR 10 million (2007: EUR 60 million) have not been recognised for withholding and other income taxes that would be payable on the unremitted earnings of certain subsidiaries and associates, as such amounts are always reinvested. Such unremitted earnings totalled EUR 564 million (2007: EUR 3,520 million).

30 Accrued interest and other liabilities

The composition of Accrued interest and other liabilities as at 31 December is as follows:

	2008	*2007*
Deferred revenues	404	718
Accrued interest expense	43,967	33,742
Accrued other expenses	930	2,640
Derivatives held for hedging purposes	857	245
Defined benefit liabilities	260	2,149
Other employee benefit liabilities	1,043	1,206
Accounts payable	821	1,130
Due to agents and intermediaries	7	4
VAT and other taxes payable	131	145
Dividends payable	4	5
Other liabilities	11,094	19,520
Total	**59,518**	**61,504**

Derivatives held for hedging purposes contain the negative fair value of all derivatives qualifying as hedging instruments in fair value hedges and in cash flow hedges. EUR 856 million (2007: EUR 243 million) is related to fair value hedges and EUR 1.0 million (2007: EUR 2 million) to cash-flow hedges. The hedging strategies are further explained in note 6 'Risk Management'.

Further details on "defined benefit liabilities" can be found in note 8 "Post-employment benefits, Other long-term employee benefits and Termination benefits".

Other employee-benefit liabilities relate to, among other things, other post-employment benefits, social-security charges, termination benefits and accrued vacation days.

All purchases and sales of financial assets requiring delivery within the time frame established by regulation or market convention are recognised on the trade date, i.e. the date when Fortis Bank becomes a party to the contractual provisions of the instrument.

The line Other includes EUR 2,532 million (2007: EUR 1,784 million) regarding the carrying value of non-derivative financial instruments designated as hedging instruments in net investment hedges and EUR 246 million (2007: EUR 834 million) is related to non-derivative financial liabilities designated as hedging instruments in fair value hedges. The remainder of the line Other liabilities mainly consist of temporary balancing amounts between trade date and settlement date.

31 Derivatives

Derivatives include forwards, futures, swaps and option contracts, all of which derive their value from underlying interest rates, foreign exchange rates, commodity values, equity instruments or credit instruments.

A derivative contract may be traded either on an exchange or over-the-counter ('OTC'). Exchange traded derivatives, which include futures and option contracts, are standardised and generally do not involve significant counterparty risk due to the margin requirements of the individual exchanges. OTC derivative contracts are individually negotiated between contracting parties. Financial instruments can also include embedded derivatives, i.e. components of a hybrid (combined) instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary, similar to a stand-alone derivative.

The notional amounts of derivative contracts are not recorded in the balance sheet as assets or liabilities and do not represent the potential for gain or loss associated with such transactions. The exposure to the credit risk associated with counterparty non-performance is limited to the positive fair value of the derivative contracts.

Interest rate swaps are contractual agreements between two parties to exchange periodic payments in the same currency, each of which is computed on a different interest rate basis. Most interest rate swaps involve the net exchange of payments calculated as the difference between the fixed and floating interest rate payments. Fortis Bank uses interest rate swaps to modify the interest rate characteristics of certain assets and liabilities. For example, based on long-term debt, an interest rate swap can be entered into to convert a fixed interest rate instrument into a floating interest rate instrument, in order to reduce the interest rate mismatch. Fortis Bank also uses interest rate swaps to hedge the risk of price fluctuations of the trading securities.

Interest rate futures are exchange traded instruments and represent commitments to purchase or sell a designated security or money market instrument at a specified future date and price.

Interest rate forward agreements are OTC derivative instruments in which two parties agree on an interest rate and period which serve as a reference point in determining a net payment to be made by one party to the other, depending on the prevailing market rate at a future point in time.

Interest rate options are interest rate protection instruments that if exercised, involve the obligation of the seller to pay the buyer an interest rate differential in exchange for a premium paid by the buyer. This differential represents the difference between current rate and an agreed upon rate applied to a notional amount. Exposure to losses on all interest rate contracts will increase or decrease over their respective lives as interest rates fluctuate.

Currency swaps, in their simplest form, are contractual agreements that involve the exchange of both periodic and final payments in different currencies. The value of swap contracts depends upon their maturity dates, interest and foreign exchange rates, and the timing of payments.

Foreign exchange contracts, which include spot, forward and future contracts, represent agreements to exchange payments in different foreign currencies at an agreed exchange rate, on an agreed settlement date. These contracts are used to hedge net capital and foreign exchange exposure.

Foreign exchange option contracts are similar to interest rate option contracts, the difference being that they are based on currency exchange rates rather than interest rates. The value of these contracts will increase or decrease over their respective lives as currency exchange and interest rates fluctuate.

In exchange-traded foreign exchange contracts, exposure to off balance sheet credit risk is limited, as these transactions are executed on organised exchanges that assume the obligations of counterparties and generally require security deposits and daily settlement of margins.

A commodity forward or future contract is a contract where the underlying is a commodity. A commodity swap is a swap where exchanged cash flows are dependent on the price of an underlying commodity. A commodity option is an option either to buy or to sell a commodity contract at a fixed price until a specified date.

Credit derivatives allow credit risk to be isolated from all other risks as well as from the instrument with which it is associated, so that the credit risk can be passed from one party to another. In a credit default swap, the buyer/beneficiary pays a premium and acquires the right to sell back a reference bond to the seller/guarantor if a credit event occurs.

A total return swap is a contract in which the beneficiary agrees to pay the guarantor the total return on the reference asset, which consists of all contractual payments as well as any appreciation in the market value of the reference asset.

Equity derivatives include equity swaps, options, futures and forward contracts. An equity swap is a swap in which the cash flows that are exchanged are based on the total return on a stock market index or on individual equity securities and an interest rate (either a fixed rate or a floating rate). Equity (or stock) options give the right to buy (in the case of a call option) or to sell (in the case of a put option) a fixed number of shares of a company, at a given price, before or on a specified date.

31.1 Derivatives held for trading

The Derivatives held for trading as at 31 December are composed of the following:

	Assets		Liabilities	
	Fair values	Notional amount	Fair values	Notional amount
2008				
Foreign exchange contracts				
Forwards and futures	1,468	146,089	1,618	145,299
Interest and currency swaps	741	18,567	744	18,023
Options	1,022	35,940	1,027	35,869
Total	**3,231**	**200,596**	**3,389**	**199,191**
Interest rate contracts				
Forwards and futures	34	42,408	165	201,069
Swaps	42,043	2,110,867	43,582	2,110,869
Options	20,267	1,657,144	20,846	1,609,000
Total	**62,344**	**3,810,419**	**64,593**	**3,920,938**
Commodity contracts				
Forwards and futures	380	29,315	72	30,013
Swaps	1,284	10,865	1,457	11,762
Options	95	8,598	339	8,170
Total	**1,759**	**48,778**	**1,868**	**49,945**
Equity/Index contracts				
Forwards and futures	2	415	1	546
Swaps	7			41
Options and warrants	957	9,265	2,440	20,573
Total	**966**	**9,680**	**2,441**	**21,160**
Credit derivatives				
Swaps	3,429	21,834	2,994	20,374
Total	**3,429**	**21,834**	**2,994**	**20,374**
Other	**406**	**768**	**284**	**924**
Balance as at 31 December 2008	**72,135**	**4,092,075**	**75,569**	**4,212,532**
Over the counter (OTC)	71,280	3,910,049	74,864	4,060,627
Exchange traded	855	182,026	705	151,905
Total	**72,135**	**4,092,075**	**75,569**	**4,212,532**

	Assets		*Liabilities*	
	Fair values	*Notional amount*	*Fair values*	*Notional amount*
2007				
Foreign exchange contracts				
Forwards and futures	982	222,693	1,299	222,548
Interest and currency swaps	432	18,372	422	18,310
Options	758	69,358	571	68,253
Total	**2,172**	**310,423**	**2,292**	**309,111**
Interest rate contracts				
Forwards and futures	16	104,944	33	21,354
Swaps	13,331	1,494,426	14,623	1,494,546
Options	5,787	868,357	6,062	857,495
Total	**19,134**	**2,467,727**	**20,718**	**2,373,395**
Commodity contracts				
Forwards and futures		9,468	96	9,763
Swaps	931	10,388	780	8,687
Options	348	1,054	257	1,044
Total	**1,279**	**20,910**	**1,133**	**19,494**
Equity/Index contracts				
Forwards and futures	1	983	7	1,945
Swaps	368	30,414	1,081	14,480
Options and warrants	4,283	34,573	6,523	43,337
Total	**4,652**	**65,970**	**7,612**	**59,762**
Credit derivatives				
Swaps	1,475	24,042	1,363	24,511
Total	**1,475**	**24,042**	**1,363**	**24,511**
Other	**214**	**675**	**262**	**771**
Balance as at 31 December 2007	**28,926**	**2,889,747**	**33,380**	**2,787,044**
Over the counter (OTC)	28,448	2,742,244	33,047	2,727,775
Exchange traded	478	147,503	333	59,269
Total	**28,926**	**2,889,747**	**33,380**	**2,787,044**

31.2 Derivatives held for hedging purposes ('hedging')

The Derivatives held for hedging are mainly related to fair value hedges. Fortis Bank uses derivatives, principally interest rate swaps, for hedging purposes in the management of its own asset and liability portfolios and structural positions. This enables Fortis Bank to mitigate the market risk which would otherwise arise from structural imbalances in the maturity and other profiles of its assets and liabilities.

Hedging derivatives as at 31 December are shown below.

	Assets		*Liabilities*	
	Fair values	*Notional amount*	*Fair values*	*Notional amount*
2008				
Foreign exchange contracts				
Forwards and futures	2		2	
Interest and currency swaps		78	14	297
Total	**2**	**78**	**16**	**297**
Interest rate contracts				
Forwards and futures	1	11		
Swaps	293	22,272	841	22,272
Total	**294**	**22,283**	**841**	**22,272**
Equity/Index contracts				
Forwards and futures		2		2
Total		**2**		**2**
Balance as at 31 December 2008	**296**	**22,363**	**857**	**22,571**
Over the counter (OTC)	296	22,361	857	22,569
Exchange traded		2		2
Total	**296**	**22,363**	**857**	**22,571**
2007				
Foreign exchange contracts				
Forwards and futures				
Interest and currency swaps		105	3	104
Total		**105**	**3**	**104**
Interest rate contracts				
Forwards and futures		14		
Swaps	1,299	51,437	242	51,437
Total	**1,299**	**51,451**	**242**	**51,437**
Equity/Index contracts				
Forwards and futures				
Total				
Balance as at 31 December 2007	**1,299**	**51,557**	**245**	**51,541**
Over the counter (OTC)	1,299	51,557	245	51,541
Exchange traded				
Total	**1,299**	**51,557**	**245**	**51,541**

32 Fair value of financial assets and financial liabilities

32.1 Fair value of assets recognised at amortised cost

The following table presents the carrying amounts and fair values of those classes of financial assets and financial liabilities not reported at fair value on the Fortis Bank consolidated balance sheet. A description of the methods used to determine the fair value of financial instruments is given below.

		2008		*2007*
	Carrying value	*Fair value*	*Carrying value*	*Fair value*
Assets				
Cash and cash equivalents	22,644	22,645	27,003	26,781
Due from banks	47,043	47,332	118,133	118,226
Due from customers	213,536	214,753	315,205	313,280
Investments held to maturity	3,851	4,085	4,234	4,301
Trade and other receivables	5,680	5,625	6,546	6,544
Total financial assets	**292,754**	**294,440**	**471,121**	**469,132**
Liabilities				
Due to banks	133,602	133,682	191,760	191,614
Due to customers	216,709	216,111	267,133	265,937
Debt certificates	42,964	43,062	81,411	81,588
Subordinated liabilities	18,061	19,009	18,027	18,323
Other borrowings	565	565	2,665	2,677
Total financial liabilities	**411,901**	**412,429**	**560,996**	**560,139**

32.2 Valuation techniques used to assess fair value

The table below shows the financial instruments that are measured at fair value by fair value measurement technique. The fair value measurement of financial assets can be categorised based upon the valuation methods applied:

- category 1: fair values determined in whole or in part, directly by reference to published price quotations in an active market ;
- category 2: fair values determined, in whole or in part, using a valuation technique based on assumptions that are supported by available observable market data ; and
- category 3: fair values determined, in whole or in part, using a valuation technique based on assumptions that are not supported by available observable market data.

The categorisation within the fair value hierarchy is based upon the lowest level of input that is significant for the fair value measurement. Specific information fair valuation methodologies for structured credit instruments is provided in Note 18.4 ‘Structured credit instruments’.

		Fair value obtained by using a valuation model		
	Fair value supported by published price quotations	*supported by available observable market data*	*not supported by available observable market data*	
				2008
	category 1	*category 2*	*category 3*	*Total*
Trading securities	11,467	4,345	30	15,842
Derivative financial instruments	3,572	68,451	110	72,133
Due from banks				
Due from customers	35	1,794		1,829
Investments available for sale	57,913	42,177	1,102	101,192
Investments held at fair value through profit and loss	2,632	196		2,828
Total financial assets at fair value	**75,619**	**116,963**	**1,242**	**193,824**
Trading liabilities	10,730	10		10,740
Derivative financial instruments	2,188	73,296	87	75,571
Due to banks, customers and borrowings	1,884	9,863		11,747
Total financial liabilities at fair value	**14,802**	**83,169**	**87**	**98,058**

Of all Investments available-for-sale securities, a very limited amount of approximately EUR 2 million is recorded at cost since there is no liquid market in which to trade these securities and because the transaction price remains the best evidence of fair value.

Fair value is the amount for which an asset could be exchanged, a liability settled or an equity instrument granted could be exchanged between knowledgeable, willing parties in an arm’s length transaction.

Fortis Bank uses the following methods, in the order listed, in determining the fair value of financial instruments:

- quoted price in an active market ;
- valuation techniques ; and
- cost.

When a financial instrument is traded in an active and liquid market, its quoted market price or value provides the best evidence of fair value. No adjustment is made to the fair value of large holdings of shares, unless there is a binding agreement to sell the shares at a price other than the market price. The appropriate quoted market price for an asset held or a liability to be issued is the current bid price, and for an asset to be acquired or a liability held, the ask price. Mid-market prices are used as a basis for establishing fair values of assets and liabilities with offsetting market risks.

If no active market price is available, fair values are estimated using present value or other valuation techniques based on market conditions existing at the reporting date. If there is a valuation technique commonly used by market participants to price an instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, Fortis Bank applies that technique.

Valuation techniques that are well established in financial markets include recent market transactions, discounted cash flows and option pricing models. An acceptable valuation technique incorporates all factors that market participants would consider in setting a price, and should be consistent with accepted economic methodologies for pricing financial instruments.

The basic principles in estimating fair value are:

- maximise market inputs and minimise internal estimates and assumptions ; and
- change estimation techniques only if an improvement can be demonstrated or if a change is necessary because of changes in the availability of information.

The fair value presented is the 'clean' fair value, which is the total fair value or 'dirty' fair value less interest accruals. Interest accruals are reported separately.

Methods and assumptions used in determining fair value are largely dependent on whether the instrument is traded on financial markets and what information is available to be incorporated into the valuation models. A summary of different financial instrument types along with the fair value treatment is included further in this note.

Quoted market prices are used for financial instruments traded on a financial market with price quotations.

Non-exchange-traded financial instruments are often traded in over-the-counter (OTC) markets by dealers or other intermediaries from whom market prices are obtainable.

Quotations are available from various sources for many financial instruments traded regularly in the OTC market. Those sources include the financial press, various quotation publications and financial reporting services, and individual market makers.

Quoted market prices provide the most reliable fair value for derivatives traded on a recognised exchange. Fair value for derivatives not traded on a recognised exchange is considered to be the value that could be realised through termination or assignment of the derivative.

Common valuation methodologies for an interest rate swap incorporate a comparison of the yield of the swap with the current swap yield curve. The swap yield curve is derived from quoted swap rates. Dealer bid and offer quotes are generally available for basic interest rate swaps involving counterparties whose securities are investment-grade.

Factors that influence the valuation of an individual derivative include the counterparty's credit standing and the complexity of the derivative. If these factors differ from the basic factors underlying the quote, an adjustment to the quoted price may be considered.

The fair value (FV) calculation of financial instruments not actively traded on financial markets can be summarised as follows:

Instrument Type	Fortis Bank Products	FV Calculation
Instruments with no stated maturity	Current accounts, saving accounts, etc.	Nominal value.
Instruments without optional features	Straight loans, deposits, etc.	Discounted cash flow methodology; discounting yield curve is the swap curve plus spread (assets) or the swap curve minus spread (liabilities); spread is based on commercial margin computed based on the average on new production during last 3 months.
Instruments with optional features	Mortgage loans and other instruments with option features	Product is split and linear (non-optional) component is valued using a discounted cash flow methodology and option component valued based on option pricing model.
Subordinated loans	Subordinated loans	Discounted cash flow methodology in which spread is based on subordination cost for Fortis based on market quotations.
Private equity	Private equity and non-quoted participations investments	In general based on the European Venture Capital Association valuation guidelines, using amongst others Enterprise Value/EBITDA, Price/Cash flow and Price/Earnings.
Preference shares (non-quoted)	Preference shares	If the share is characterised as a debt instrument, a discounted cash flow model is used.

Fortis Bank has a policy in place aimed at quantifying and monitoring pricing uncertainties related to the calculation of fair values using valuation techniques and internal models. Related uncertainties are a feature of the ‘model risk’ concept.

Model risk arises when the product pricing requires valuation techniques which are not yet standardised or for which input data cannot be directly observed in the market, leading to assumptions on the input data themselves.

The development of new, sophisticated products in the market has resulted in the development of mathematical models to price them. These models in turn depend on assumptions regarding the stochastic behaviour of underlying variables, numerical algorithms and other possible approximations needed to replicate the complexity of the financial instruments.

Furthermore, the underlying hypotheses of a model depend on the general market conditions (e.g. specific interest rates, volatilities) prevailing at the time it is developed. There is no guarantee that the model will continue to yield adequate results should market conditions change drastically.

Any related model uncertainty is quantified as accurately as possible and is the basis in adjusting the fair value calculated by the valuation techniques and internal models.

The Risk function ensures a sound monitoring of model risk:

- The Fair Valuation process is independent from Front Office.
- All new products/ methodology have to be approved by the Market Risk team.
- Data non readily available in the market are checked on a regular basis.

Four Valuation policies have been developed to address residual risks:

- Bid/Ask Spread: cost of unwinding liquid position.
- Model Risk: risk on pricing uncertainty in OTC derivatives.
- Day One Profit: deferred profit or loss recognition.
- Credit Valuation Reserve: difference between the risk free and risk full valuation of a pool of derivatives.

The purpose of the Bid/Ask Spread is to integrate the unwinding transaction cost in the Marked-to-Market value of all net open positions. Its scope covers all Instruments in active markets in trading books impacting profit or loss and Available For Sale books impacting equity directly.
It may increase rapidly in case of turbulences in the market and growing exposures in emerging markets.

The purpose of the Model Risk is to account for pricing uncertainties due to Model Risk when there is no market consensus on pricing methodology and when statistical estimates are used for data which are not observable in the market.
Its scope covers OTC Derivatives booked, according to the policy, in the Single Legal and Booking Entity.
Its impact is proportional to the size of the structured derivatives business and to their complexity.

The purpose of the Day One Profit is to ensure, in presence of non observable data, that profit at inception is not taken up front but rather smoothed out over the lifetime of the product. Fair Value Adjustment policy addresses this issue by challenging the valuation assumptions and adapting the fair value accordingly.
Its scope covers all OTC instruments where unobservable data are involved.
Its impact may increase with the expansion of e.g. new products on new risk categories.

The purpose of the Credit Valuation Reserve is to include the counterparty risk, current and potential exposure, in the fair value of bilateral derivatives transactions, taking into account risk mitigation techniques such as netting and collateral.
Its scope covers all OTC derivatives.
Its impact may increase with the volatility of the markets and with the degradation of the credit quality of the counterparties.

Notes to the income statement

33 Interest income

The breakdown of Interest income by type of product for the year ended 31 December is shown below.

	2008	*2007*
Interest income		
Interest income on cash equivalents	1,125	1,838
Interest income on due from banks	5,509	5,016
Interest income on investments	5,061	5,222
Interest income on due from customers	11,893	11,767
Interest income on derivatives held for trading	77,730	60,514
Other interest income	2,152	2,184
Total interest income	**103,470**	**86,541**

The interest on impaired loans amounted in 2008 to EUR 135 million (2007: EUR 113 million). Due to technical limitations, it was not possible to disclose the interest on impaired investments.

34 Dividend and other investment income

This table provides details of Dividend and other investment income for the year ended 31 December.

	2008	*2007*
Dividend and other investment income		
Dividend income from equity securities	153	128
Rental income from investment property	75	64
Share in result of associates and joint ventures	52	107
Other investment income	1	6
Total dividend and other investment income	**281**	**305**

35 Realised capital gains and losses on investments

For the year ended 31 December, Realised capital gains and losses on investments are broken down as follows:

	2008	2007
Debt securities	212	78
Equity securities	(780)	585
Real estate	102	20
Subsidiaries, associates and joint ventures	9	52
Other	179	(1)
Realised capital gains (losses) on investments	**(278)**	**734**

36 Other realised and unrealised gains and losses

Other realised and unrealised gains and losses as included in the income statement for the year ended 31 December are presented below.

	2008	2007
Assets/liabilities held for trading	(2,067)	513
Assets and liabilities held at fair value through profit or loss	383	109
Hedging results	239	20
- Net result on Fair value hedging instruments	(942)	53
- Net result on Fair value hedged items (attributable to the hedged risk)	1,181	(33)
Other	(38)	32
Other realised and unrealised gains and losses	**(1,483)**	**674**

All gains and losses arising from a change in the fair value of a financial asset or a financial liability, excluding interest accruals recorded under Interest income and Interest expense, are recorded in Other realised and unrealised gains and losses.

Assets and liabilities held for trading, including derivatives held for trading, are acquired principally for the purpose of generating a profit from short-term fluctuations in the price or the dealer's margin. Initial recognition is at acquisition cost, including any transaction costs to acquire the financial instrument. Subsequent measurement is at fair value with changes in fair value recorded in the income statement.

All changes in fair value of the assets and liabilities held at fair value through profit or loss are reported above. This includes unrealised gains and losses from revaluations and realised gains and losses upon derecognition of the assets or liabilities. In 2008 is the net loss on the assets held at fair value through profit or loss EUR 658 million (in 2007: net gain of EUR 131 million) and is the net gain on the liabilities held at fair value through profit or loss EUR 1,041 million (in 2007: net loss of EUR 22 million).

Hedging results contain the changes in fair value attributable to the hedged risk; mainly interest-rate risk of hedged assets and liabilities and the changes in fair value of the hedging instruments.

In the context of portfolio hedges of interest rate risk (macro hedging), the initial difference between the fair value and the carrying value of the hedged item at designation of the hedging relationship is amortised over the remaining life of the hedged item. These amounts are included in Hedging results in the table above.

37 Fee and commission income

Fee and commission income for the year ended 31 December is specified in the table below.

	2008	*2007*
Fee and commission income		
Securities and custodian services	622	805
Insurance	278	286
Asset management	1,510	1,321
Payment services	437	450
Guarantees and commitments	288	229
Other	240	232
Total fee and commission income	**3,375**	**3,323**

38 Other income

Other income includes the following elements for the year ended 31 December.

	2008	*2007*
Other income		
Operating lease income	79	35
Gain on sale of buildings held for sale		
Other	242	192
Total other income	**321**	**227**

39 Interest expenses

The following table shows the breakdown of Interest expenses by product for the year ended 31 December.

	2008	*2007*
Interest expenses		
Interest expenses due to banks	7,838	7,657
Interest expenses due to customers	7,031	8,102
Interest expenses on debt certificates	2,936	3,771
Interest expenses on subordinated liabilities	1,276	702
Interest expenses on other borrowings	84	25
Interest expenses on liabilities held for trading and derivatives	79,260	61,797
Interest expenses on other liabilities	1,082	727
Total interest expenses	**99,507**	**82,781**

40 Change in impairments

The Changes in impairments for the year ended 31 December are as follows:

	2008	*2007*
Change in impairments on:		
Cash and cash equivalents	204	
Due from banks	104	(2)
Due from customers	1,061	135
Credit commitments - banks		
Credit commitments - customers	290	224
Investments in debt securities	6,052	2,424
Investments in equity securities and other	97	1
Investment property	6	(2)
Investments in associates and joint ventures	20	
Other receivables	17	1
Property, plant and equipment	45	
Goodwill and other intangible assets	2,132	
Accrued interest and other assets	24	12
Total change in impairments	**10,052**	**2,793**

Fortis applies a two step approach in the impairment testing process of financial instruments. Firstly, an assessment is made if objective evidence exists that a financial asset is impaired, followed by the recognition and measurement of an impairment loss. The assessment of objective evidence is based on observable data ('triggers') about loss events.

Impairments are measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows. The impairment losses related to Investments in debt securities in 2008, concern mainly Structured Credit Instruments and are more specific due to US sub-prime residential mortgage-related assets.

Fortis Bank's Credit risk exposure from Structured Credit Instruments and the valuation methods applied are described in note 18.4 'Structured Credit Instruments'. The line 'Investments in debt securities' includes EUR 5,891 million impairments on Structured Credit Instruments (2007: EUR 2,414 million).

41 Fee and commission expenses

The components of Fee and commission expenses for the year ended 31 December are as follows:

	2008	2007
Fee and commission expenses		
Securities	229	222
Agent and insurance Intermediaries	150	167
Asset management	386	301
Payment services	122	125
Custodian services	15	8
Other	265	211
Total fee and commission expenses	**1,167**	**1,034**

42 Depreciation and amortisation of tangible and intangible assets

The Depreciation and amortisation of tangible and intangible assets for the year ended 31 December is as follows:

	2008	*2007*
Depreciation on tangible assets		
Buildings held for own use	93	86
Leasehold improvements	50	38
Investment property	24	22
Equipment	151	118
Amortisation on intangible assets		
Purchased software	51	33
Internally developed software	11	3
Other intangible assets	78	27
Depreciation and amortisation of tangible and intangible assets	**458**	**327**

43 Staff expenses

Staff expenses for the year ended 31 December are as follows:

	2008	*2007*
Staff expenses		
Salaries and wages	2,369	2,332
Social security charges	498	482
Pension expenses relating to defined benefit plans	132	101
Defined contribution plan expenses	56	46
Share based compensation	7	1
Other	311	192
Total staff expenses	**3,373**	**3,154**

Other includes the costs for non-monetary benefits such as medical costs, termination benefits and restructuring costs.

Note 8 contains further details on post-employment benefits, other long-term employee benefits and termination benefits, including pension costs related to defined benefit plans and defined contribution plans.

44 Other expenses

Other expenses for the year ended 31 December are as follows:

	2008	*2007*
Other expenses		
Operating lease rental expenses and related expenses	213	158
Rental and other direct expenses relating to investment property	2	2
Professional fees	330	319
Marketing and public relations costs	146	157
Information technology costs	502	454
Other investment charges	1	1
Maintenance and repair expenses	94	98
Other	1,073	691
Total other expenses	**2,361**	**1,880**

The line Other includes expenses for travel, post, telephone, temporary staff and training.

45 Income tax expenses

The components of Income tax expenses for the year ended 31 December are:

	2008	2007
Current tax expenses for the current period	223	302
Adjustments recognised in the period for current tax of prior periods	(7)	(19)
Previously unrecognised tax losses, tax credits and temporary differences increasing (reducing) current tax expenses	(2)	(1)
Total current tax expenses	**214**	**282**
Deferred tax arising from the current period	(2,592)	(981)
Impact of changes in tax rates on deferred taxes	3	5
Deferred tax arising from the write-down or reversal of a write-down of a deferred tax asset	2,548	(2)
Previously unrecognised tax losses, tax credits and temporary differences reducing deferred tax expense	11	3
Total deferred tax expenses	**(30)**	**(975)**
Total income tax expenses	**184**	**(693)**

Below is a reconciliation of the expected to the actual income tax expense.

	2008	2007
Profit before taxation	(11,232)	(165)
Applicable tax rate	33.99%	33.99%
Expected income tax expense	(3,818)	(56)
Increase (decrease) in taxes resulting from:		
Tax exempt income and non-tax deductible losses	369	(348)
Share in result of associates and joint ventures	87	(28)
Disallowed expenses	746	30
Previously unrecognised tax losses and temporary differences	11	(4)
Write-down and reversal of write-down of deferred tax assets	2,548	(3)
Impact of changes in tax rates on temporary differences	3	5
Foreign tax rate differential	223	(175)
Adjustments for current tax of prior years	(7)	(19)
Other	22	(95)
Actual income tax expenses	**184**	**(693)**

Notes to off-balance sheet items

46 Commitments and guarantees

Commitments and guarantees include acceptances, commitments to extend credit, letters of credit, suretyships and financial guarantees. Fortis Bank's exposure to credit loss in the event of non-performance by the counterparty is represented by the contractual notional amounts of those instruments. Fees received from these activities are recorded in the income statement when the service is delivered.

Acceptances are used by customers to effect payments for merchandise sold in import/export transactions.

Credit commitments are agreements to extend a loan to a customer as long as there are no violations of any conditions laid down in the agreement. Commitments generally have fixed expiration dates or other termination clauses. The geographic and counterparty distribution of loan commitments approximates the distribution of outstanding loans. These commitments are generally unsecured and collateral may be required.

Letters of credits either ensure payment by Fortis Bank to a third party for a customer's foreign or domestic trade or are conditional commitments issued by Fortis Bank to guarantee the performance of a customer to a third party. Fortis Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral required is based on credit evaluation of the counterparty. Collateral may consist of the goods financed or of cash deposits. Most documentary credits are drawn down, though in many cases this is followed by immediate payment.

Suretyships and financial guarantees are used to guarantee the performance of a customer. The credit risk involved in issuing these guarantees is essentially the same as that involved in extending loan facilities to customers. These suretyships and guarantees may be unsecured.

The off-balance sheet credit commitment exposure is as follows:

	2008	*2007*
Available confirmed credit lines given		
Credit commitments	1,018	2,028
Loans to government and official institutions	2,289	2,882
Residential mortgage	1,660	7,141
Consumer loans	3,138	8,322
Commercial loans	54,901	93,773
Other loans	7,313	10,199
Total available confirmed credit lines given	**70,319**	**124,345**
Credit related commitments given		
Guarantees and letters of credit	18,763	22,638
Banker's acceptances	282	819
Documentary credits	5,369	11,305
Total other credit related commitments	**24,414**	**34,762**
Total off-balance sheet credit commitments	**94,733**	**159,107**

Of these commitments around EUR 24,914 million have a maturity of more than one year (2007: EUR 31,665 million).

Liquidity requirements to support calls under guarantees and credit commitments are considerably lower than the contractual amounts outstanding, as many of these commitments will expire or terminate without being funded.

The following table describes the impairments related to credit commitments as at 31 December.

	2008	*2007*
Specific credit risk	695	398
Incurred but not reported (IBNR)	78	49
Total impairments	**773**	**447**

In June 1999, Fortis Capital Company Limited, a subsidiary of Fortis Bank Nederland (Holding) N.V., issued non-cumulative preference shares for a total amount of EUR 650 million. The regulator considers these preference shares to be part of the Tier 1 capital of Fortis Bank Nederland (Holding) N.V. – FBN(H).

The issue initially comprised two tranches:

- a tranche of EUR 450 million with a fixed coupon of 6.25% for the first ten years, and a variable coupon of three month Euribor + 2.60% in subsequent years. After ten years and subsequently once a year FBN(H) had the opportunity to redeem the instrument for cash on a distribution date ; and
- a tranche of EUR 200 million with a fixed coupon of 7.00% for the entire duration. FBN(H) redeemed this tranche in early 2004

The preference shares have the benefit of a Support Agreement, pursuant to which Fortis Bank SA/NV, Fortis Bank Nederland (Holding) N.V., Fortis N.V. and Fortis SA/NV (the 'Supporting Companies') jointly and severally agree to contribute to Fortis Capital Company Limited any additional funds necessary to allow it to pay dividends on the preference shares in the event that any of the Supporting Companies pays a dividend on its ordinary or preference shares in the same financial year.

Under this arrangement, the payment of any dividend by any of the Supporting Companies on its own capital stock would automatically trigger a full or proportional dividend entitlement for the investors in the hybrid securities, with full recourse to the Supporting Companies. This could theoretically lead to a situation where, even if the Supporting Companies were to have sufficient aggregate distributable reserves to pay a dividend on their own capital stock, payment of that dividend would give rise to a payment obligation under the Support Agreement for which their distributable reserves would not be adequate.

The supervisory authorities have therefore stipulated as a condition of their acceptance of the hybrid securities constituting Tier 1 capital of FBN(H) that appropriate measures be put in place to ensure that any payments to be made by Fortis SA/NV or Fortis Bank SA/NV under the Support Agreement because of a dividend payment on their own shares be capped to the level of the aggregate distributable reserves of the Supporting Companies. To meet this condition, the Board of Directors of Fortis SA/NV has decided that it will not declare a dividend on its ordinary shares or on its preference shares or other capital instruments (if applicable) unless the aggregate of the distributable reserves of the Supporting Companies is sufficient to cover all dividend payments relating to their respective ordinary shares, preference shares and other capital instruments, as well as any amounts payable in the same financial year pursuant to their obligations under the Support Agreement.

Concerning the issue of non-cumulative preference shares by Fortis Capital Company Limited, the Board of Directors of Fortis Bank SA/NV has given the following undertaking to the Belgian Banking, Finance and Insurance Commission (CBFA): Fortis Bank will (a) not pay any dividend unless the distributable reserves are sufficient to meet all liabilities arising from the aforementioned issue of non-cumulative preference shares, (b) publish this undertaking in the annual report of Fortis Bank and (c) consult the Banking, Finance and Insurance Commission prior to proposing any dividend payment in order to demonstrate that the distributable reserves are sufficient and that the capital adequacy ratio calculated on the narrowly defined capital and reserves of Fortis Bank amounts to the compulsory minimum of 5%.

On 7 December 2007, Fortis Bank Nederland (Holding), Fortis Bank SA/NV, Fortis SA/NV and Fortis N.V. issued mandatory convertible securities (MCS) with a nominal value of EUR 2 billion and a denomination of EUR 250,000 each. Coupons on the securities are payable semi-annually in arrears, at a rate of 8.75% per annum. The MCS appear on the balance sheet of Fortis Bank Nederland (Holding).

For regulatory purposes, the MCS are treated as part of Tier 1 capital of Fortis Bank Nederland (Holding). The MCS constitute unsecured and subordinated joint and several obligations of Fortis Bank Nederland (Holding), Fortis Bank SA/NV, Fortis SA/NV and Fortis N.V. The MCS are subordinate to all other loans, subordinated loans and preference shares, but rank senior to ordinary shares.

The MCS will be mandatorily converted on 7 December 2010 into such number of Fortis shares as is equal to the maturity conversion property per MCS (conversion property per MCS means, in respect of any dealing day, the number of Fortis shares determined by dividing the principal amount of a MCS by the minimum conversion price in effect on that dealing day, rounded down, if necessary, to the nearest whole number of Fortis shares).

Prior to the maturity date, the issuers may elect to convert all, but not just some, of the MCS (a) at any time until the 46th dealing day prior to the maturity date into such number of Fortis Shares as is equal to the maximum proportion of the conversion property per MCS on the relevant conversion date, and (b) at any time in the event of certain changes affecting taxes in the Netherlands or Belgium into such number of Fortis shares as is equal to the tax event conversion property per MCS.

At any time during the voluntary conversion period, holders of MCS may elect to convert MCS into such number of Fortis shares as is equal to the minimum proportion of the conversion property per MCS on the relevant conversion date. In addition, holders of MCS may elect to convert MCS at any time during the free float period into such number of Fortis shares as is equal to the free float conversion property per MCS on the relevant conversion date.

47 Contingent assets and liabilities

Legal proceedings

Fortis Bank (and its consolidated subsidiaries) is involved as a defendant in various claims, disputes and legal proceedings in Belgium and in a number of foreign jurisdictions, arising in the ordinary course of the banking business, including in connection with its activities as lender, employer, investor and taxpayer.

Fortis Bank makes provisions for such matters when, in the opinion of management, who consult with legal advisors, it is probable that a payment will have to be made by Fortis Bank, and when the amount can be reasonably estimated.

In respect of further claims and legal proceedings against Fortis Bank (and its consolidated subsidiaries) of which management is aware (and for which, according to the principles outlined above, no provision has been made), and while it is often not feasible to predict or determine the ultimate outcome of all pending or threatened legal and regulatory proceedings, management is of the opinion, after due consideration of appropriate professional advice, that such proceedings are without merit, can be successfully defended or that the outcome of these actions is not expected to result in a significant loss in the Fortis Bank Consolidated Financial Statements.

These legal proceedings include:

In the Netherlands, Fortis Bank is involved in a number of legal proceedings concerning products (equity lease products) of Groeivermogen, a subsidiary of Fortis Investments, which is itself a subsidiary of Fortis Bank, launched either by individuals or by consumer protection associations against some Fortis Bank operating companies. The claims are based on one or more of the following allegations: violation of the 'duty of care', absence of second signature or absence of license to sell the products concerned. The present assessment of the legal risk involved in these proceedings does not give rise to material provisions to be set up within Fortis Bank.

A proceeding is pending in the New York State court against Fortis Securities LLC and Fortis Bank. In this action with a claim for EUR 175 million, plaintiff alleges, among other things, claims for breach of contract, tortuous interference with contract and fraudulent inducement and seek damages for failing to underwrite a warehouse facility. Fortis Securities LLC and Fortis Bank are contesting the claim and the claim gives no rise to provisions at 31 December 2008.

Furthermore, following the significant decrease in market value of the Fortis (referring to both 'Fortis SA/NV' and 'Fortis N.V.') share following the capital increase of Fortis on 26 June 2008 and the restructuring of the Fortis group end September and beginning of October 2008, a number of groups representing minority shareholders have initiated (or threatened to do so) legal action against various entities of the former Fortis group and/or certain members of their Board of Directors and management.

- A class action has been filed upon amongst others, Fortis Bank, and a former director of Fortis Bank, in the US District Court of the Southern District of New York to demand damages based on alleged securities fraud committed in the period between 28 January 2008 and 6 October 2008.

- Furthermore, on 28 January 2009, a writ of summons was served upon Fortis Bank (as well as upon Fortis and other entities of the Fortis group, the Kingdom of the Netherlands, the SFPI/FPIM sa/nv, BNP Paribas s.a. and De Nederlandsche Bank N.V.) by a number of minority shareholders of Fortis represented by Mr. Michaël Modrikamen. With respect to Fortis Bank, the plaintiffs request the Commercial Court of Brussels, in addition to some interim relief measures, to (i) annul the decision of the Board of Directors of Fortis Bank of 29 September 2008 to the extent that it determined the number of Fortis Bank shares that were issued at the occasion of the capital increase of Fortis Bank subscribed to by the SFPI/FPIM sa/nv; and (ii) annul the decision of the Board of Directors of Fortis Bank and the agreements that were entered into pursuant thereto and relating to the sale of Fortis Bank (Nederland) N.V.. In case the latter annulment would not be granted, the plaintiffs request the Kingdom of the Netherlands and De Nederlandsche Bank to pay an indemnity of EUR 5 (to be increased with interests as from 3 October 2008) per Fortis share held by the plaintiffs. The plaintiffs are also requesting the Court to annul the decision by Fortis to sell and the subsequent sale by Fortis of its participation in Fortis Bank or alternatively, if such annulment cannot be declared, to order the SFPI/FPIM and BNP Paribas to pay an indemnity to the plaintiffs of EUR 4 (to be increased with interests as from 3 October 2008) per Fortis share held. This litigation is still pending.

While the likelihood that such claims effectively result in losses for Fortis Bank cannot be ruled out, such likelihood is considered very small based on the assessment of the current situation.

Other litigations are pending in relation to the restructuring of the Fortis group but to which Fortis Bank is at this moment not a party. It can, however, not be excluded that the outcome of such litigations would also have an impact on Fortis Bank. For further information about these litigations we refer to the disclosures made by the different parties to these litigations such as Fortis. It cannot be excluded that Fortis Bank, as former member of the Fortis group, would become involved in further actions.

It is not possible to predict or determine the ultimate outcome of such action, if any, nor the potential impact on the Fortis Bank Consolidated Financial Statement.

Like many other companies in the banking, investment, mutual funds and brokerage, Fortis Bank (and its consolidated subsidiaries) have received or may receive requests for information from supervisory, governmental or self-regulatory agencies. Fortis Bank is responding to such requests and cooperating with the relevant regulators and other parties to address any issues they might have. Fortis Bank believes that any issues that have been identified do not represent a material or systemic problem to Fortis Bank or its businesses.

Other contingent assets and liabilities

Following the sale and split-off of FBN(H) from Fortis Bank as per the sales agreement of 3 October 2008, a Separation Programme was set up to manage on the medium term the operational split-off of FBN(H) from Fortis Bank. This programme was set up to solve the different issues, with as primary objective the business continuity for clients and staff:

- the contractual framework of the separation activities has been defined.
- the projects necessary to make Fortis Bank and FBN(H) independent from each other are identified and planned.
- transitional Services Schedules securing the continuity of functioning of both banks are defined.

At 5 March 2009, the validation of the abovementioned agreements were presented to the Board of Fortis Bank and the separation agreement between Fortis Bank and FBN(H) was signed at 30 March 2009. The Separation Programme is now moving to the execution of the agreement. Governance will be implemented to monitor the separation progress.

Negotiations are ongoing on the remaining mutual exposures, some material funding and risk issues, including off balance sheet instruments, the termination of an insurance policy of which claims, should they have to be paid, will be at the expenses of Fortis Bank SA/NV and some Dutch securitisation instruments (RMBS). In order to adjust the initial split resulting from the legal separation, Fortis Bank and FBN still consider some potential asset swaps.

48 Lease agreements

Fortis Bank has entered into lease agreements to provide for office space, office equipment and vehicles. The following table reflects future commitments for non-cancellable operating leases as at 31 December.

	2008	*2007*
Not later than 3 months	5	3
Later than 3 months and not later than 1 year	11	11
Later than 1 year and not later than 5 years	51	29
Later than 5 years	152	19
Total	**219**	**62**
Annual rental expense:		
Lease payments	194	155

49 Assets under management

Assets under management include investments for own account and funds under management. Funds under management include investments that are managed on behalf of clients, either private or institutional, and on which Fortis Bank earns a management or advice fee. Discretionary capital (capital actively managed by Fortis Bank) as well as advisory capital are included in funds under management.

Eliminations in the various tables relate to the funds under management of clients invested in funds managed by Fortis Bank that otherwise would be counted double.

The following table provides a breakdown of Assets under management by investment type and origin.

	31 December 2008	31 December 2007
Investments for own account:		
- Debt securities	105,605	104,990
- Equity securities	2,001	7,825
- Real estate	672	688
- Other	703	28,019
Total investments for own account	**108,981**	**141,522**
Funds under Management:		
- Debt securities	130,118	119,721
- Equity securities	85,888	102,989
- Real estate	280	587
- Eliminations	(7,537)	(25,283)
Total funds under management	**208,749**	**198,014**
Total assets under management	**317,730**	**339,536**

Changes in funds under management by segment are shown below.

	Retail Banking	Asset Management	Private Banking	Merchant Banking	Other	Eliminations	Total
Balance at 31 December 2007	**7,403**	**132,916**	**82,317**	**280**	**381**	**(25,283)**	**198,014**
Balance of discontinued operations as at 1 January	1,037		30,370	26	381	(2,525)	29,289
Balance of continuing operations as at 1 January	**6,366**	**132,916**	**51,947**	**254**		**(22,758)**	**168,725**
In/out flow	(1,283)	(23,150)	(1,163)	(49)		2,429	(23,216)
Market gains /losses	(1,047)	(28,963)	(11,385)	(39)		3,008	(38,426)
Other	(575)	88,857	3,663	(63)		9,784	101,666
Balance at 31 December 2008	**3,461**	**169,660**	**43,062**	**103**		**(7,537)**	**208,749**

The column Other includes funds under management managed by operating companies reported in the Other Banking segment. The line Other includes the transfers between segments, the impact of acquisitions and disposals and the currency translation differences.

The increase of EUR 88 billion in Other under segment Asset Management relates to the acquisition of ABN AMRO Asset Management entities on 1 April 2008.

Other information related to the consolidated figures

Events after the reporting period

There have been no material events since the balance sheet date that would require adjustment to the Consolidated Financial Statements as at 31 December 2008.

On 12 March 2009, Fortis Bank, various Fortis entities, BNP Paribas S.A., the Belgian State and the Federal Participation and Investment Corporation (SFPI/FPIM) entered into an agreement on the terms and conditions of the transfer of the majority of the shares in Fortis Bank to BNP Paribas by the SFPI/FPIM and the transfer of 25% + one of the shares in Fortis Insurance Belgium to Fortis Bank by Fortis Insurance N.V., and on the strategic partnership resulting from these transactions.

The agreement of 12 March 2009 was the culmination of intense negotiations between Fortis, BNP Paribas and the Belgian State following the Fortis SA/NV shareholders' meeting on 11 February 2009, which failed, by a narrow margin, to approve the revisions to the *Protocole d'Accord* of 10 October 2008. These revisions resulted from the *Avenant* to the *Protocole d'Accord,* which was signed on 1 February 2009 and submitted to the shareholders' meeting of Fortis SA/NV on 11 February 2009. That shareholders' meeting was convened in compliance with the ruling of the Brussels Court of Appeal on 12 December 2008. As a result of the failure of the shareholders' meeting of Fortis SA/NV to approve the revisions to the *Protocole d'Accord*, the *Avenant* of 1 February 2009 has never been put into effect.

The agreement of 12 March 2009 essentially is an agreement between Fortis, BNP Paribas, the Belgian State and the SFPI/FPIM concerning the transfer of 74.94% of the shares in Fortis Bank to BNP Paribas and the transfer of 25% + one of the shares in Fortis Insurance Belgium to Fortis Bank by Fortis Insurance N.V. for a total consideration of EUR 1,375,000,000. At the same time, the agreement sets up a strategic partnership between BNP Paribas/Fortis Bank on the one hand, and the Fortis Group's insurance operations on the other, and also provides for the funding of a special purpose vehicle (SPV) that will purchase part of Fortis Bank's structured credit portfolio.

Then, the selected structured credits portfolio will be transferred to the SPV. The conventional purchase price is expected to increase from EUR 10.4 billion to about EUR 11.4 billion. The approximate increase of EUR 1.0 billion is due to the purchase of an extra EUR 2.0 billion of lines from Fortis Bank's structured credit portfolio, of which about EUR 1.0 billion will replace redemptions made since 31 August 2008. The SPV will have total equity of EUR 1.7 billion, divided into EUR 760 million (Fortis Holding), EUR 200 million (BNP Paribas) and EUR 740 million (Belgian State). The state guarantee of the SPV's debt funded by Fortis Bank is EUR 4,365 million.

The Belgian State will provide a guarantee to cover a second tranche of losses at maturity on the structured credit portfolio remaining at Fortis Bank, subject to an upper limit of EUR 1.5 billion. This guarantee will come into effect as soon as Fortis Bank incurs a first tranche of losses amounting to EUR 3.5 billion.

Fortis Bank will have the option for a period of three years to issue, should its Tier 1 ratio fall below 9.2%, Tier 1-eligible securities which the Belgian State has undertaken to subscribe up to a maximum of EUR 2 billion in the form of non-innovative hybrid instruments or in the form of shares, as will be decided by the Belgian State, as long as the State's participation remains below 50%.

Under the 1 February 2009 Avenant and in relation to the CASHES transactions, it had been agreed to replace the mechanism contained in the Protocole d'Accord of 10 October 2008 under which Fortis was to make an upfront payment of EUR 2.35 billion to Fortis Bank in connection with the cancellation of the RPN and the entering into of a total return swap. In lieu, in the 1 February 2009 Avenant it was agreed to leave the RPN in place and to provide for an interest payment in respect of the amount that may be outstanding from time to time under the RPN. The Agreement maintains the interest payment mechanism between Fortis and Fortis Bank in relation to the RPN, as it was put in place by the 1 February 2009 Avenant and also provides that the RPN will remain in place until the reimbursement of all of the CASHES.

The date of the closing of the agreement is the date on which the SFPI/FPIM will transfer 54.55% of the shares in Fortis Bank to BNP Paribas in exchange for BNP Paribas shares and on which the transfer of 25% + one share in Fortis Insurance Belgium to Fortis Bank will take place. On the closing date, Fortis, the SFPI/FPIM, BNP Paribas and Fortis Bank will also fund the SPV.

The closing of the agreement and the execution of the various transactions this involves are subject to the fulfilment (or the waiver by BNP Paribas) of a number of conditions precedent. These include customary conditions such as the approval and consent of regulatory authorities and the approval of the transactions by the shareholders' meetings of Fortis N.V. and Fortis SA/NV.

The Brussels Court of Appeal decided on 31 March 2009, in a hearing at which Fortis was not represented that only those shareholders of Fortis SA/NV that owned Fortis shares prior to 14 October 2008 could vote on the project with BNP Paribas. For organisational and practical reasons the Board of Directors of Fortis has therefore decided at 1 April 2009, with regard to both Fortis SA/NV and Fortis N.V., to postpone the vote on the project with BNP Paribas until the meetings of 28 and 29 April.

As a consequence of the postponement of the vote on the project with BNP Paribas, Fortis, BNP Paribas and the Belgian State have agreed to once again amend the already changed *Protocole d'Accord* of 10 October 2008. The new final date by which the approval of the project with BNP Paribas must be obtained from the shareholders of Fortis SA/NV and Fortis N.V. is now 1 May 2009 (instead of 18 April). The ultimate date by which all precedent conditions, as stipulated in the agreement, must be met, or be waived by BNP Paribas, will be set later at a date between 1 and 15 May 2009 (instead of 30 April).

Consolidation scope

1. Criteria for full consolidation, valuation by equity method and exclusions.

The consolidated accounts are prepared in accordance with the Royal Decree of 5 December 2004 amending the Royal Decree of 23 September 1992 on the non-consolidated accounts and consolidated accounts of credit institutions. The Royal Decree stipulates that, for financial years beginning on or after 1 January 2006, consolidated annual accounts must be drawn up in accordance with international standards (IAS/IFRS), as adopted by the European Union.

The consolidated financial statements include those of Fortis Bank SA/NV and its subsidiaries. Subsidiaries are those companies, for which Fortis Bank, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from its activities ('control'). Subsidiaries are consolidated from the date on which effective control is transferred to Fortis Bank and are no longer consolidated from the date that control ceases.

The consolidated accounts are prepared in accordance with IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates, IAS 31 Interests in Joint Ventures and in accordance with SIC-12 Consolidation-Special Purpose Entities (SPE), that requires to consolidate the SPE when the substance of the relationship indicates that Fortis Bank controls the SPE and retains a significant beneficial interest in the SPE's activities.

Investments in joint ventures – contractual agreements whereby Fortis Bank and other parties undertake an economic activity that is subject to joint control – are accounted for using the equity method.

Investments in Associates – investments in which Fortis Bank has significant influence, but which it does not control, generally holding between 20 % and 50 % of the voting rights – are accounted for using the equity method.

Deviations from these criteria are as follows:

1. Some entities where Fortis Bank has the legal ownership are not consolidated due to the fact that the economic control is held by third parties and in accordance with Art. 107,2° of the Royal Decree of 30 January 2001, this is the case for companies managing real estate and real estate certificates.

2. Based on the IASB Framework–30 and Art. 107,1° of the Royal Decree of January 30, 2001 subsidiaries of minor importance were excluded from the consolidated accounts as the information obtained by the consolidation of this subsidiaries in not material in the financial statements of Fortis Bank:

   Acens Technologie, A.M.B. – West Africa, Antilope Invest, ASLK-CGER Services, Autor Publicidad Esterior S.L., BPC Developpement, Ceedsa Holdings S.L., Colfridis Invest, Coppefis, Decom Services Ltd, Discontokantoor van Turnhout, Dis Globus Malta Ltd., Elimmo, Eurl Gourville Immobilier, Fagus, Ferca Networks, S.L., Fortis Bank Escritorio de Representacao Ltda, Fortis L Capital, Fortis Private Equity Arkimedes N.V., Fortis Services Monétiques, Fortis Trustee (India) Private Ltd, FP Consult (Guernsey), FPIM Nominees, Generale Branch Nominees Ltd., Geneve Credit & Leasing SA, GeschäftsführungsGmbH der Generale Bank, Gúzman, Hedonaï Estetica Integral S.L.,Hewitt's Island CLO VII Ltd, Hostalia Internet S.L., I.D.B.P., Immobilière Davout, International Building Materials Retail Organisation, Mine.be, Nervia Internet S.L., Novy N.V., OB Invest, Packing Invest, Parisienne d'Acquisition Fonçière, Penne International, Rothesay, RNPC Rail, SCI Norlum, Shinnecock CLO II Ltd, SOFISTIK, The Strategic Alpha Fund Management Company Limited, Velleman International, Veloxia Technologies, VIA-Zaventem N.V., Von Essen GmbH, Wa Pei Nominees Ltd.

3. The following subsidiaries were accounted for under the equity method because of their minor importance to the consolidated financial statements: *Belgolaise, CF Leasing Limited, Comptoir Agricole de Wallonie, Credissimo, Crédit pour Habitations Sociales, Demetris, La Maison Sociale Tournai Ath, Landbouwkantoor Vlaanderen, Mijn Huis & Eduard Pecher, Prestibel Left Village.*

4. The following joint ventures and associates were not accounted for under the equity method because of their insignificance (Art. 157 of the Royal Decree of January 30, 2001):
A2IA Group, Algonomics, Alpha Card Merchant Services, Altsys, Antwerps Innovatie Centrum, Arets International, Baby Gift International, Baekeland Fonds, Banque Commercial du Congo, Banque International Afrique au Niger, Bedrijvencentrum Zaventem, Bexco, Brussels I3 Fund, Conticlima, Coolstar, Coöperatieve H2 Equity Partners Fund III U.A., Cronos, Dolnoslaska Szkola Bankowa Sp.z.o.o., Etna, Flanders Engineering, Fortis Agency Limited, Fortis Asia Limited, Fortis China Limited, Fortis Far East Limited, Fortis Foreign Fund Services AG, Fortis Futures Limited, Fortis Greater China, Fortis Group Ltd, Fortis Insurance Limited, Fortis International Limited, Fortis Limited, Fortis Management Limited, Fortis Services Limited, Gemma Frisius-Fonds K.U. Leuven NV, Gemma Frisius-Fonds K.U. Leuven II, Grupo Elogos S.L., Gudrun Xpert, Immo Regenboog, Middle East Bank Kenya Ltd, MIR, Nova Electro int., Par 3, Sophis System, Studio 100, Transportes García Villalobos, Xenics.

In global the impact of not consolidating subsidiaries of minor importance is not material in the annual accounts of Fortis Bank.

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List of fully consolidated affiliated companies

Name	Head-office location	VAT number/ National Identificationnumber	Percentage Of holding (%)
3D GÜVENLIK SISTEMLERI VE ORG. TIC. A.S.	Gayrettepe		93.17
ABN AMRO ASSET MANAGEMENT (ASIA) LTD	Hong Kong		92.34
ABN AMRO ASSET MANAGEMENT (ASIA) LTD KOREA REP. OFFICE	Seoul		92.34
ABN AMRO ASSET MANAGEMENT (ASIA) LTD SHANGHAI REP. OFFICE	Shanghai		92.34
ABN AMRO ASSET MANAGEMENT (JAPAN) LTD	Tokyo		92.34
ABN AMRO ASSET MANAGEMENT (NETHERLANDS) B.V., DUBAI REPRESENTATIVE OFFICE	Dubai		92.34
ABN AMRO ASSET MANAGEMENT (SINGAPORE) LTD	Singapore		92.34
ABN AMRO ASSET MANAGEMENT INVESTMENTS (ASIA) LIMITED	Grand Cayman		92.34
ABN AMRO ASSET MANAGEMENT REAL ESTATE (ASIA)	Grand Cayman		92.34
ABN AMRO ASSET MANAGEMENT REAL ESTATE, KOREA (CAYMAN)	Grand Cayman		92.34
ABN AMRO EMERGING EUROPE PRIVATE EQUITY (CURACAO) N.V.	Curaçao		92.34
ABN AMRO INFRASTRUCTURE CAPITAL MANAGEMENT LIMITED	London		92.34
ABN AMRO INVESTMENT MANAGEMENT FUNDS B.V.	Amsterdam		92.34
ACE EQUIPMENT LEASING	Berchem-Sainte-Agathe	BE 440.910.431	50.06
ACE LEASING	Berchem-Sainte-Agathe	BE 435.610.370	50.06
ACE LEASING B.V.	's-Hertogenbosch		50.06
AFL LEASE B.V.	Den Bosch		50.06
AGRILEASE B.V.	's-Hertogenbosch		50.06
ALANDES	Amsterdam		100.00
ALFRED BERG ADMINISTRATION A/S	Copenhagen		92.34
ALFRED BERG ASSET MANAGEMENT AB	Stockholm		92.34
ALFRED BERG ASSET MANAGEMENT FINLAND	Helsinki		92.34
ALFRED BERG ASSET MANAGEMENT SERVICES AB	Stockholm		92.34
ALFRED BERG FONDER AB	Stockholm		92.34
ALFRED BERG FONDSMAEGLERSELSKAB A/S	Copenhagen		92.34
ALFRED BERG FOVALTNING AS	Oslo		92.34
ALFRED BERG FUNDS	Helsinki		92.34
ALFRED BERG KAPTIALFÖRVALTNING AB	Stockholm		92.34
ALFRED BERG KAPTIALFÖRVALTNING AS	Oslo		92.34
ALLERAY	Luxembourg		50.06
ALPHA CREDIT S.A./N.V.	Brussels	BE 445.781.316	100.00
ARGANCE	Luxembourg		50.06
ARTEMIS ASSET MANAGEMENT LTD	Edingburgh		100.00
ARTEMIS FUND MANAGERS LIMITED	London		100.00
ARTEMIS INVESTMENT MANAGEMENT LIMITED	Edinburgh		100.00
ARTEMIS OCEAN RACING 2 LTD	Edinburgh		100.00
ARTEMIS OCEAN RACING LIITED	Edinburgh		100.00
ARTEMIS STRATEGIS ASSET MANAGEMENT LIMITED	Edinburgh		100.00
ARTEMIS UNIT TRUST MANAGERS LIMITED	Edinburgh		100.00
ASSOCIATION DE FRAIS FORTIS REAL ESTATE	Brussels		15.39
ASTIR	Amsterdam		100.00
BANCO FONDER AB	Stockholm		92.34
BASS MASTER ISSUER NV	Brussels	BE 898.307.694	100.00
BGL	Luxembourg		50.06
CA MOTOR FINANCE LTD	London		50.06
CADOGAN ASSOCIATES LLC	New York		69.26
CADOGAN MANAGEMENT LLC	New York		69.26
CADOGAN MANAGEMENT (UK) LTD	London		69.26
CAMOMILE ALZETTE INVESTMENTS (UK) LTD	George Town		100.00

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CAMOMILE INVESTMENTS UK LTD	London		100.00
CAMOMILE PEARL (UK) LTD	George Town		100.00
CAMOMILE ULSTER INVESTMENTS (UK) LTD	George Town		100.00
CAPTIVE FINANCE LIMITED	Wanchai		50.06
CAPTIVE FINANCE SWEDEN AB	Linköping		50.06
CAPTIVE FINANCE TAIWAN CO. LTD	Taipei		50.06
CERTIFIMMO V S.A.	Brussels	BE 450.355.261	100.00
COFHYLUX S.A.	Luxembourg		50.06
DALGARNO	Luxembourg		50.06
DELVINO	Luxembourg		50.06
DIKODI B.V.	Amsterdam		100.00
DOMINET BANK SPOLKA AKCYJNA	Lubin		100.00
DOMINET FINANSE S.A.	Piaseczno		100.00
DOMINET S.A.	Piaseczno		100.00
DOMINET SPV-II Sp.z.o.o.	Piaseczno		100.00
DREIECK ONE LIMITED	George Town		50.06
ELFA-AUTO	Luxembourg		50.06
ERIS INVESTISSEMENTS	Luxembourg		50.06
ES-FINANCE	Berchem-Sainte-Agathe	BE 430.506.289	50.06
F.A.M. FUND ADVISORY	Luxembourg		50.06
F.L. Zeebrugge	Berchem-Sainte-Agathe	BE 865.778.250	50.06
FB ENERGY CANADA CORP.	Calgary		100.00
FB ENERGY HOLDINGS LLC	New York		100.00
FB ENERGY TRADING S.à.R.L.	Luxembourg		100.00
FB FUNDING COMPANY	Calgary		100.00
FB HOLDINGS CANADA CORP.	Calgary		100.00
FB TRANSPORTATION CAPITAL LLC	New York		100.00
FBC Ltd	Hamilton		100.00
FCM PRIVATE EQUITY S.L.	Madrid		99.97
FCM PRIVATE EQUITY II S.L.	Madrid		71.77
FIMAGEN HOLDING	Paris		100.00
FIMAPIERRE	Paris		92.34
FINALIA	Brussels	BE 878.920.562	51.00
FINTRIMO S.A.	Brussels	BE 874.308.807	50.00
FLEXIFUND ASSOCIATES	Luxembourg		92.34
FOLEA GRUNDSTUCKSV. BURTENBACH	Düsseldorf		3.00
FOLEA GRUNDSTUCKSVERWALTUNGS UND VERMIETUNGS GMBH & CO	Düsseldorf		3.00
FOLEA GRUNDSTUCKSVERWALTUNGS-UND VERMIETUNGS GMBH & CO OBJEKT THALF.	Düsseldorf		50.06
FOLEA II VERWALTUNGS GMBH	Düsseldorf		50.06
FOLEA III VERWALTUNGS GMBH	Düsseldorf		50.06
FOLEA VERWALTUNGS GMBH	Düsseldorf		50.06
FONDO NAZCA I, FCR	Madrid		100.00
FONDO NAZCA II, FCR de Régimen Simplificado	Madrid		99.02
FORTIS (USA) FINANCIAL MARKETS LLC	New York		100.00
FORTIS ASSET MANAGEMENT JAPAN CO., -LTD	Tokyo		92.34
FORTIS BANK A.S.	Gayrettepe		94.11
FORTIS BANK MALTA LTD	Gzira		94.11
FORTIS BANK POLSKA S.A.	Warszawa		99.29
FORTIS BANK REINSURANCE S.A.	Luxembourg		100.00
FORTIS BANQUE (SUISSE) S.A.	Geneva		50.06

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Name	Head-office location	VAT number/ National Identificationnumber	Percentage Of holding (%)
FORTIS BANQUE FRANCE	Puteaux		99.98
FORTIS BANQUE MONACO	Monaco		50.04
FORTIS BANQUE S.A. / FORTIS BANK N.V.	Brussels	BE 403.199.702	0.00
FORTIS CAPITAL (CANADA) LTD	White Horse		100.00
FORTIS CAPITAL CORPORATION	New York		100.00
FORTIS CLEAN ENERGY FUND GP LTD	London		92.34
FORTIS CLEARING AMERICAS LLC	Chicago		100.00
FORTIS CURRENCY GP	New York		100.00
FORTIS ENERGY LEASING X 2 BV	's-Hertogenbosch		50.06
FORTIS ENERGY LEASING X I BV	's-Hertogenbosch		50.06
FORTIS ENERGY LEASING X3 BV	's-Hertogenbosch		50.06
FORTIS ENERGY LEASING XIV BV	Den Bosch		50.06
FORTIS ENERGY MARKETING & TRADING GP	Houston		100.00
FORTIS EPARGNE RETRAITE	Paris		67.68
FORTIS FILM FUND S.A.	Brussels	BE 893.587.655	100.00
FORTIS FINANCE BELGIUM S.R.C.L.	Brussels	BE 879.866.412	100.00
FORTIS FINANCIAL SERVICES LLC	New York		100.00
FORTIS FINANSAL KIRALAMA A.S.	Istanbul		50.06
FORTIS FINANZ GMBH	Essen		100.00
FORTIS FUNDING LLC	New York		100.00
FORTIS FUNDS (NEDERLAND) NV	Amsterdam		92.34
FORTIS GESBETA SGIIC	Madrid		100.00
FORTIS GESTÃO DE INVESTIMENTOS (INVESTMENT MANAGEMENT) BRASIL LTDA	Sao Paulo		92.34
FORTIS GESTION PRIVÉE	Paris		99.97
FORTIS HOLDING MALTA B.V.	Amsterdam		94.11
FORTIS HOLDING MALTA LTD	Gzira		94.11
FORTIS IFICO	Grand Cayman		100.00
FORTIS INTERNATIONAL FINANCE (DUBLIN)	Dublin		100.00
FORTIS INTERNATIONAL FINANCE LUXEMBOURG S.A.R.L.	Luxembourg		100.00
FORTIS INVESTMENT FINANCE FRANCE	Paris		92.34
FORTIS INVESTMENT MANAGEMENT (INDIA) Ltd	Mumbai		92.34
FORTIS INVESTMENT MANAGEMENT (SCHWEIZ) A.G.	Zürich		92.34
FORTIS INVESTMENT MANAGEMENT ARGENTINA SOC. GERENTE DE FCI S.A.	Buenos Aires		92.34
FORTIS INVESTMENT MANAGEMENT AUSTRALIA HOLDINGS PTY LIMITED	Sydney		92.34
FORTIS INVESTMENT MANAGEMENT AUSTRALIA LIMITED	Sydney		92.34
FORTIS INVESTMENT MANAGEMENT BELGIUM	Brussels	BE 882.221.433	92.34
FORTIS INVESTMENT MANAGEMENT CANADA LIMITED	Toronto		92.34
FORTIS INVESTMENT MANAGEMENT CAYMAN	George Town		92.33
FORTIS INVESTMENT MANAGEMENT CHILE S.A.	Santiago		92.34
FORTIS INVESTMENT MANAGEMENT FRANCE SA	Paris		92.34
FORTIS INVESTMENT MANAGEMENT HOLDINGS UK LIMITED	London		92.34
FORTIS INVESTMENT MANAGEMENT HONG KONG LIMITED	Wanchai		92.34
FORTIS INVESTMENT MANAGEMENT JAPAN	Chiyoda-Ku		92.33
FORTIS INVESTMENT MANAGEMENT LUXEMBOURG S.A.	Luxembourg		92.34
FORTIS INVESTMENT MANAGEMENT Netherlands N.V.	Amsterdam		92.34
FORTIS INVESTMENT MANAGEMENT SA	Brussels	BE 462.748.891	92.34
FORTIS INVESTMENT MANAGEMENT UK LIMITED	London		92.34
FORTIS INVESTMENT MANAGEMENT USA Inc	Boston		92.34
FORTIS INVESTMENT NL HOLDING N.V.	Amsterdam		92.34
FORTIS INVESTMENT TRUST COMPANY	Chicago		92.34

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FORTIS INVESTMENT JAPAN HOLDING CO. LTD	Chiyoda-Ku		92.34
FORTIS LEASE	Berchem-Sainte-Agathe	BE 403.269.481	50.06
FORTIS LEASE (CHINA) CO. LTD.	Beijing		50.06
FORTIS LEASE (FRANCE)	Puteaux		50.06
FORTIS LEASE (MALAYSIA) Sdn. Bhd	Kuala Lumpur		50.06
FORTIS LEASE CAR & TRUCK	Berchem-Sainte-Agathe	BE 401.108.064	50.06
FORTIS LEASE CZECH	Prague		50.06
FORTIS LEASE DANMARK AS	Ballerup		50.06
FORTIS LEASE DEUTSCHLAND AG	Düsseldorf		50.06
FORTIS LEASE FINLAND OY	Helsinki		50.06
FORTIS LEASE GROUP SA	Luxembourg		50.06
FORTIS LEASE GROUP SERVICES	Berchem-Sainte-Agathe	BE 870.741.482	50.06
FORTIS LEASE HOLDING NORGE AS	Oslo		50.06
FORTIS LEASE HOLDINGS UK LTD	London		50.06
FORTIS LEASE HONG KONG LIMITED	Wanchai		50.06
FORTIS LEASE HUNGARIA EQUIPMENT FINANCING FINANCIAL LEASING COMPANY	Budapest		50.06
FORTIS LEASE HUNGARIA REAL ESTATE	Budapest		50.06
FORTIS LEASE HUNGARIA VEHICLE FINANCING FINANCIAL LEASING COMPANY	Budapest		50.06
FORTIS LEASE IBERIA	Barcelona		60.74
FORTIS LEASE IMMOBILIER SUISSE	Lausanne		50.06
FORTIS LEASE LUXEMBOURG	Luxembourg		50.06
FORTIS LEASE NL	's-Hertogenbosch		50.06
FORTIS LEASE NORGE AS	Oslo		50.06
FORTIS LEASE OPERATIV LÍZING ZÁRTKÖRÜEN MÚKÖDÖ RÉSZÉNYTÁRSASÁG	Budapest		50.06
FORTIS LEASE POLSKA SP.Z.O.O.	Warsawa		50.06
FORTIS LEASE PORTUGAL	Lisboa		50.06
FORTIS LEASE ROMANIA FIN SA	Bucharest		50.06
FORTIS LEASE S.p.A	Treviso		50.06
FORTIS LEASE SINGAPORE Pte Ltd	Singapore		50.06
FORTIS LEASE SUISSE	Lausanne		50.06
FORTIS LEASE UK (1) LTD	Glasgow		50.06
FORTIS LEASE UK (2) LTD	Glasgow		50.06
FORTIS LEASE UK (3) LTD	Glasgow		50.06
FORTIS LEASE UK (4) LTD	Glasgow		50.06
FORTIS LEASE UK (5) LTD	Glasgow		45.05
FORTIS LEASE UK LTD	London		50.06
FORTIS LEASE UK RETAIL LIMITED	Glasgow		50.06
FORTIS LIQUIDITY HIGH GRADE USD	Luxembourg		52.77
FORTIS LUXEMBOURG FINANCE	Luxembourg		100.00
FORTIS MEDIACOM FINANCE	Paris		99.97
FORTIS PARK LANE IRELAND LIMITED	Dublin		100.00
FORTIS PORTFÖY YÖNETIMI A.S.	Istanbul		92.34
FORTIS PRIME FUND SOLUTIONS (USA) LLC	New York		100.00
FORTIS PRIVATE EQUITY ASIA FUND S.A.	Brussels	BE 866.161.894	100.00
FORTIS PRIVATE EQUITY BELGIUM N.V.	Brussels	BE 421.883.286	100.00
FORTIS PRIVATE EQUITY EXPANSION BELGIUM NV	Brussels	BE 425.499.309	100.00
FORTIS PRIVATE EQUITY FRANCE FUND	Strasbourg		99.91
FORTIS PRIVATE EQUITY FRANCE S.A.S.	Strasbourg		100.00
FORTIS PRIVATE EQUITY MANAGEMENT N.V.	Brussels	BE 438.091.788	100.00
FORTIS PRIVATE EQUITY VENTURE BELGIUM S.A.	Brussels	BE 431.044.244	100.00

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Name	Head-office location	VAT number/ National Identificationnumber	Percentage Of holding (%)
FORTIS PRIVATE INVESTISSEMENT MANAGEMENT LTD	London		100.00
FORTIS PRIVATE INVESTMENTS POLSKA	Warszawa		99.29
FORTIS PROPRIETARY CAPITAL INC.	New York		100.00
FORTIS PROPRIETARY INVESTMENT (IRELAND) LTD.	Dublin		100.00
FORTIS REAL ESTATE SHARED SERVICES	Brussels	BE 472.969.525	1.43
FORTIS SECURITIES INVESTMENT CONSULTANT CO. LTD	Taipei		92.34
FORTIS SECURITIES LLC	New York		100.00
FORTIS VASTGOEDLEASE B.V.	's-Hertogenbosch		50.06
FORTIS WEALTH MANAGEMENT HONG KONG LIMITED	Hong Kong		100.00
FORTIS WEALTH MANAGEMENT SINGAPORE LIMITED	Singapore		100.00
FORTIS WEALTH MANAGEMENT TAIWAN CO. LTD	Taipei		100.00
FORTIS YATIRIM MENKUL DEGERLER A.S.	Etiler / Istanbul		94.11
FRIEDLAND PARTICIPATION ET GESTION	Puteaux		50.06
FSI HOLDING INC	New York		100.00
FUNDAMENTUM ASSET MANAGEMENT (FAM)	Luxembourg		48.33
G I FINANCE	Dublin		100.00
G.I.E. SERVICES GROUPE FORTIS FRANCE	Puteaux		78.74
GENERALE BANK PREF II NV	Rotterdam		100.00
GENERALE BELGIAN FINANCE CY	Hong Kong		100.00
GENFINANCE INTERNATIONAL S.A.	Brussels	BE 421.429.267	100.00
GESELLSCHAFT FÜR CAPITAL & VERMÖGENSVERVALTUNG GmbH	Essen		100.00
GIE IMMOBILIER GROUPE FORTIS PARIS	Puteaux		89.71
GLOBAL MANAGEMENT SERVICES	Bucharest		50.06
GROEIVERMOGEN NV	Amsterdam		92.34
IMMOBILIERE SAUVENIERE S.A.	Brussels	BE 403.302.739	100.00
INDUSTRIEFINANS FORSKNINGSPARKEN EIENDOM AS	Oslo		92.34
INKASSO KODAT GmbH & CO. KG	Essen		100.00
INTERNAXX BANK	Luxembourg		37.54
KOTA JAYA LIMITED	Hong Kong		50.06
KOTA JUTA LIMITED	Hong Kong		50.06
KWANG HUA SECURITIES INVESTMENT & TRUST (H.K.) CO LIMITED	Hong Kong		92.34
LISIA I LTD	Guernsey		100.00
MERCONTER S.A.	Buenos Aires		92.34
MERKUR BETEILIGUNGS- UND VERVALTUNGSGESELLSCHAFT GmbH	Essen		100.00
MERMOZ JET FINANCE	Madrid		100.00
MONTAG & CALDWELL, INC	Atlanta		100.00
NAZCA CAPITAL	Madrid		70.00
NAZCA DIRECTORSHIPS I, S.L.	Madrid		70.00
NAZCA DIRECTORSHIPS II, S.L.	Madrid		70.00
NAZCA DIRECTORSHIPS III, S.L.	Madrid		70.00
NAZCA INVERSIONES S.A.	Madrid		100.00
NISSAN FINANCE BELGIUM	Brussels	BE 445.305.917	87.51
PAD GAS LEASING LLC	New York		100.00
PAD GAS LEASING-MONROE LLC	New York		100.00
PARK MOUNTAIN LEASE 2008-I B.V.	Amsterdam		50.06
PARK MOUNTAIN SME 2007-I B.V.	Amsterdam		100.00
PATTISON	Luxembourg		50.06
PT ABN AMRO MANAJEMEN INVESTASI	Jakarta		78.49
PT FORTIS INVESTMENTS	Jakarta		91.42
QUAINTON FUNDIN S.A.R.L.	Luxembourg		50.06

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List of fully consolidated affiliated companies

Name	Head-office location	VAT number/ National Identificationnumber	Percentage Of holding (%)
RENEWABLE ENERGY FUND I	New York		100.00
SCALDIS CAPITAL (IRELAND) Ltd	Dublin		100.00
SCALDIS CAPITAL LIMITED	Jersey		100.00
SCI CHAMPVERNIER	Puteaux		50.06
SCI FLIF-AZUR	Puteaux		50.06
SCI FLIF-CHATEAU LANDON	Puteaux		50.06
SCI FLIF-EVRY 2	Puteaux		50.06
SCI FLIF-LE GALLO	Puteaux		50.06
SCI FLIF-LE PORT	Puteaux		50.06
SCI FLIF-SAINTE MARIE	Puteaux		50.06
SOCIËTË ALSACIENNE DE DËVELOPPEMENT ET D'EXPANSION	Strasbourg		50.06
SOWO INVEST S.A./N.V.	Brussels	BE 877.279.282	87.50
TABOR FUNDING	Luxembourg		50.06
UPPER HATCH SECURITIES LTD	Dublin		100.00
VON ESSEN GMBH & CO. KG BANKGESELLSCHAFT	Essen		100.00
WA PEI FINANCE COMPANY LTD	Hong Kong		100.00
WA PEI PROPERTIES	Hong Kong		100.00

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List of not consolidated affiliated companies

Name	Head-office location	VAT number/ National Identification Number	Percentage Of holding (%)	Reason of the exclusion
A.M.B. - WEST AFRICA	Abidjan		100.00	Unjustified delay
ACENS TECHNOLOGIES	Madrid		82.44	Immaterial interest
ANTILOPE INVEST	Lier	BE 887.200.008	57.75	Immaterial interest
ASLK-CGER SERVICES	Brussels	BE 458.523.354	89.00	In liquidation
AUTOR PUBLICIDAD ESTERIOR S.L.	Madrid		85.77	Immaterial interest
BPC DEVELOPPEMENT	Paris		99.97	Immaterial interest
CEEDSA HOLDINGS S.L.	Madrid		56.31	Immaterial interest
CERTIFIMMO II (in liquidation)	Brussels	BE 431.434.224	51.20	Real estate certificate
CERTIFIMMO S.A. (in liquidation)	Brussels	BE 430.926.656	51.00	Real estate certificate
COLFRIDIS INVEST	Londerzeel	BE 888.183.072	74.47	Immaterial interest
COPPEFIS	Brussels	BE 453.987.813	100.00	Immaterial interest
DECOM SERVICES LTD	Malta		94.10	In liquidation
DIS GLOBUS MALTA LTD	Griza		94.11	In liquidation
DISCONTOKANTOOR VAN TURNHOUT	Turnhout	BE 404.154.755	100.00	In liquidation
DISTRI-INVEST	Brussels	BE 431.242.105	51.00	Real estate certificate
ELIMMO	Luxembourg		50.06	Real estate certificate
EURL GOURVILLE IMMOBILIER	Paris		99.98	Immaterial interest
FAGUS	Zwijnaarde	BE 475.207.255	55.00	Immaterial interest
FERCA TECHNOLOGIES, S.L.	Herencia (Ciudad Real)		82,44	Immaterial interest
FINEST	Brussels	BE 449.082.680	100.00	Real estate certificate
FORTIS BANK ESCRITORIO	Sao Paulo		100.00	Immaterial interest
FORTIS L CAPITAL	Luxembourg		50.06	Immaterial interest
FORTIS PRIVATE EQUITY ARKIMEDES N.V.	Brussels	BE 878.499.603	50.10	Immaterial interest
FORTIS SERVICES MONETIQUES	Puteaux		99.90	Immaterial interest
FORTIS TRUSTEE (INDIA) PRIVATE LTD.	Mumbai		87.73	Immaterial interest
FP CONSULT (GUERNSEY) LTD	Guernsey		92.34	Immaterial interest
FPIM NOMINEES LTD	London		100.00	Immaterial interest
G BANK GMBH	Köln		100.00	Immaterial interest
GENERALE BRANCH NOMINEES LTD	London		100.00	Immaterial interest
GENEVE CREDIT & LEASING SA	Geneva		51.00	Immaterial interest
GÚZMAN	Barcelona		84.31	Immaterial interest
HEDONAÏ ESTETICA INTEGRAL, S.L.	Madrid		96.15	Immaterial interest
HEWITT'S ISLAND CLO VII LTD	George Town		100.00	Immaterial interest
HOSTALIA INTERNET S.L.	Madrid		82.44	Immaterial interest
I.D.B.P. SA	Paris		98.00	Real estate certificate
IMMO CERTREST	Brussels	BE 458.406.954	100.00	Real estate certificate
IMMOBILIERE DAVOUT	Dijon		50.06	Real estate certificate
INTERNAT. BUILDING MAT. RETAILS ORG. (IBRO)	Puurs		60.00	Immaterial interest
MINE.BE	Brussels	BE 471.793.053	100.00	Immaterial interest
NERVIA INTERNET S.L.	Alicante		82.44	Immaterial interest
NOVY N.V.	Kuurne	BE 436.260.369	53.69	Immaterial interest
OB INVEST	Rotselaar	BE 880.203.635	95.00	Immaterial interest
PACKING INVEST	Bomm	BE 871.096.028	91.11	Immaterial interest
PARISIENNE D'ACQUISITION FONCIERE	Paris		99.98	Immaterial interest
PENNE INTERNATIONAL	Aalst	BE 887.229.207	74.90	Immaterial interest
RNPC RAIL	Paris		64.99	Immaterial interest

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List of not consolidated affiliated companies

Name	Head-office location	VAT number/ National Identification Number	Percentage Of holding (%)	Reason of the exclusion
ROTHESAY	Luxembourg		50.06	Immaterial interest
SCI NORLUM	Lille		99.98	Immaterial interest
SHINNECOCK CLO II LTD	Grand Cayman		100.00	Immaterial interest
SOFISTIK	Geneva		50.06	Immaterial interest
THE STRATEGIC ALPHA FUND MANAGEMENT COMP. LTD.	Dublin		50.06	Immaterial interest
VELLEMAN INTERNATIONAL	Gavere	BE 866.481.994	69.95	Immaterial interest
VELOXIA TECHNOLOGIES	Alicante		82.44	Immaterial interest
VIA-ZAVENTEM N.V.	Brussels	BE 892.742.765	51.00	Immaterial interest
VON ESSEN GMBH	Essen		100.00	Immaterial interest
WA PEI NOMINEES LTD	Wanchai		100.00	Immaterial interest

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List of participating interests valued by equity method

Name	Head-office	VAT number / National Identification number	Percent of holding
ACG CAPITAL PARTNERS LLC	Newport Beach		50.00
ACG INVESTMENT CAPITAL PARTNERS LLC	Dover		50.00
ADMINISTRATIE- EN TRUSTKANTOOR 'S-GRAVENHAGE B.V.	Den Haag		12.53
ADMINISTRATIEKANTOOR CLAIMINDO B.V.	Amsterdam		12.53
ALBANY ASSOCIATES LTD	Tortola		12.53
ALBION FINANCIAL SERVICES LTD	Wanchai		12.53
ALDERVILLE INVESTMENTS INC	Panama		12.53
ALLIED ELEGANT INVESTMENT LTD	Hong Kong		12.53
ALLIES ELEGANT ENTERPICE LTD	Hong Kong		12.53
ALPHA CARD S.C.R.L.	Watermael-Boitsfort		50.00
ALSABAIL	Strasbourg		20.36
AMANCE HOLDING N.V.	Amsterdam		12.53
AMSTERDAM BREWERY INVESTMENTS B.V.	Amsterdam		12.53
ANNEKE GEERTRUIDA B.V.	Amsterdam		12.53
ARAMEA ASSET MANAGEMENT AG	Hamburg		27.70
ARDGOWAN HOLDINGS LIMITED	Tortola		12.53
ARDMORE INVESTMENT LIMITED	St Peter Port		12.53
ASHLEA LIMITED	Wanchai		12.53
ASPIS INTERNATIONAL MUTUAL FUNDS MANAGEMENT COMPANY S.A.	Athens		41.55
ASTURENNE S.A.	Luxembourg		12.53
ATHOS GROUP LTD	Road Town		12.53
ATHYMIS GESTION S.A.	Paris		31.40
B PARTNERS S.A.	Luxembourg		12.53
B.V. HOLLAND ADMINISTRATION CENTER (H.A.C.)	Amsterdam		12.18
B.V. MAATSCHAPPIJ VOOR EXECUTELE EN TRUSTZAKEN	Amsterdam		12.53
BAJAN LIMITED	St Peter Port		12.53
BANKING FUNDING COMPANY S.A.	Brussels		33.47
BANQUE DE LA POSTE S.A. - BANK VAN DE POST N.V.	Brussels		50.00
BCC CORPORATE	Brussels		37.25
BDO READS MANAGEMENT LTD	St Peter Port		12.53
BECOM MANAGEMENT B.V.	Amsterdam		12.53
BELEGGINGSMAATSCHAPPIJ QUIRINA N.V.	Willemstad		12.53
BELGOLAISE S.A.	Brussels		100.00
BELHOF BVBA	Brussels	BE 860.288.941	12.53
BENTINCK MANAGEMENT SERVICES LTD (BVI)	Tortola		12.53
BERATUNGSSERVICE FUER FINANZIELLE RISIKOSTRATEGIEN MRA A.G.	Zug		12.53
BEST UNIVERSAL VENTURES CORP.	Tortola		12.53
BGL READS TRUST COMPANY LIMITED	St Peter Port		12.53
BGL TRUSTEES LTD.	St Peter Port		12.53
BOEGGOLF BEHEER B.V.	Amsterdam		12.53
BONDIX FINANCE BV	Amsterdam		12.53
BORDAGE PROPERTIES LIMITED	St Peter Port		12.53
BOWMORE INVESTMENT LIMITED	St Peter Port		12.53
BRAND & LICENCE COMPANY S.A.	Brussels		20.00
BRASSINGTON CORPORATION N.V.	Willemstad		12.53
C.M.S. LIMITED	St Peter Port		12.53

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List of participating interests valued by equity method

Name	Head-office	VAT number / National Identification number	Percent of holding
CANTRUST (FAR EAST) LTD	Tortola		12.53
CARBENETH FINANCIAL MANAGEMENT GROUP NV	Willemstad		12.53
CARBENETH HOLDING NV	Curaçao		12.53
CARBON COMPLIANCE ACQUISITION 5 LIMITED	London		12.53
CARIBBEAN DEPOSITARY COMPANY N.V.	Willemstad		12.53
CARIBBEAN MANAGEMENT COMPANY N.V.	Willemstad		12.53
CARIBBEAN PARTICIPATION COMPANY N.V.	Willemstad		12.53
CARICOM (BVI) LIMITED	Anguilla		12.53
CAVETTO CORPORATION NV	Willemstad		12.53
CF LEASING LIMITED	Hamilton		69.25
CHANNEL CORPORATE SERVICES	St Peter Port		12.53
CHARTERING INTERNATIONAL LTD	London		12.53
CHATHAM LIMITED	Monrovia		12.53
CHRISANDA (NOMINEES) LIMITED	Wanchai		12.53
CHRISTBURG MANAGEMENT S.A.	Panama City		12.53
CLEARWAY FINANCE BV	Amsterdam		12.53
CODALE SECRETARIES LIMITED	St Peter Port		12.53
COLEC NOMINEES LIMITED	Wanchai		12.53
COMCOLUX S.À.R.L.	Luxembourg		12.53
COMMERCE HOUSE TRUSTEES LIMITED	St Peter Port		12.53
COMPACT ADMINISTRATIVE SERVICES PTE LTD	Singapore		12.53
COMPTOIR AGRICOLE DE WALLONIE	Namur		100.00
CORPORATE DIRECTORS LIMITED	Wanchai		12.53
CORPORATE INSOLVENCY SERVICES LIMITED	The Valley		12.53
COSIGN LIMITED	St Peter Port		12.53
COSIGN NOMINEES LIMITED	St Peter Port		12.53
COSIGN SERVICES LIMITED	St Peter Port		12.53
CREDISSIMO	Seraing		100.00
CRÉDIT POUR HABITATIONS SOCIALES - KREDIET VOOR SOCIALE WONINGEN	Watermael-Boitsfort		81.66
CREW CO. LTD	Douglas		12.53
CRYSTAL SERVICES LTD	Anguilla		12.53
CULTURE CLUB N.V.	Willemstad		12.53
CUMANCO B.V.	Amsterdam		12.53
CVC INTERNATIONAL (PALINK) B.V.	Amsterdam		12.53
DALMORE INVESTMENT LTD	St. Peter Port		12.53
DANZA CORPORATION N.V.	Willemstad		12.53
DELEDA INVESTMENT INC	The Valley		12.53
DEMETRIS N.V.	Groot-Bijgaarden		100.00
DINA (NOMINEES) LIMITED	Wanchai		12.53
DIRECTO S.A.	Panama		12.53
DRACSO B.V.	Amsterdam		12.53
DREAMSVILLE CORPORATION N.V.	Willemstad		12.53
DUDINKA HOLDING S.A.	Luxembourg		12.53
ECOREAL S.A.	Luxembourg		12.53
EFFECTIVSEC MANAGEMENT LTD	Wanchai		12.53
EIGER TRUST ANGUILLA LIMITED	Anguilla		12.53
ELLIS & HENTERINGTON TRUST S.A.R.L.	Luxembourg		12.53

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List of participating interests valued by equity method

Name	Head-office	VAT number / National Identification number	Percent of holding
EMERALD SERVICES LIMITED	The Valley		12.53
EOS AREMAS BELGIUM S.A./N.V.	Brussels		49.97
ESMERALD PARTNERS I S.A.	Luxembourg		12.49
EURO MANAGEMENT SERVICES S.A.	Luxembourg		12.53
EURO-FASHION-CENTER S.A.	Brussels	BE 884.178.556	12.53
EURO-FASHION-CENTER SCA	Brussels	BE 884.303.765	6.43
EUROPAY BELGIUM	Brussels		39.86
EUROPEAN CAPITAL INVESTMENT (LUXEMBOURG) S.A.	Luxembourg		12.53
EURO-SCRIBE SAS	Paris		25.03
FAL NAZARETH	Brussels	BE 879.345.877	12.53
FAL ZEVENBRONNEN	Brussels	BE 879.347.758	12.53
FASTNET NEDERLAND	Amsterdam		23.95
FAVORITA CORPORATION N.V.	Willemstad		12.53
FIONAHILL MANAGEMENT INC.	Panama City		12.53
FIRST TOWER TRUSTEES LIMITED	St Peter Port		12.53
FMM INVESTMENTS N.V.	Curaçao		12.53
FORTIS BANK (CURACAO) N.V.	Willemstad		12.53
FORTIS BANK (N. A.) N.V.	Willemstad		12.53
FORTIS CUSTODY (CURAÇAO) N.V.	Willemstad		12.53
FORTIS DE HONDSRUG B.V.	Amsterdam		12.53
FORTIS DIRECT REAL ESTATE MANAGEMENT S.A.	Luxembourg		12.53
FORTIS FUND SERVICES (GUERNSEY) LIMITED	St Peter Port		12.53
FORTIS GROUP SERVICES (GUERNSEY) LIMITED	St Peter Port		12.53
FORTIS HAITONG INVESTMENT MANAGEMENT CO., LTD	Pudong		45.25
FORTIS HOLDING (CURAÇAO) N.V.	Willemstad		12.53
FORTIS HORWATH CHINA HOLDINGS LIMITED	Port Louis		6.27
FORTIS INTERTAX LIMITED	Wanchai		12.53
FORTIS INTERTRUST (ANTILLES) N.V.	Willemstad		12.53
FORTIS INTERTRUST (ASIA) LTD	Tortola		12.53
FORTIS INTERTRUST (BELGIUM) NV/SA	Brussels	BE 435.177.929	12.53
FORTIS INTERTRUST (CURAÇAO) B.V.	Willemstad		12.53
FORTIS INTERTRUST (CURACAO) N.V.	Willemstad		12.53
FORTIS INTERTRUST (DENMARK) A/S	Copenhagen		12.53
FORTIS INTERTRUST (FAR EAST) LIMITED	Tortola		12.53
FORTIS INTERTRUST (GUERNSEY) LIMITED	St Peter Port		12.53
FORTIS INTERTRUST (HONG KONG) LIMITED	Wanchai		12.53
FORTIS INTERTRUST (JERSEY) LIMITED	St. Helier		12.53
FORTIS INTERTRUST (LUXEMBOURG) S.A.	Luxembourg		12.53
FORTIS INTERTRUST (NETHERLANDS) B.V.	Amsterdam		12.53
FORTIS INTERTRUST (ROTTERDAM) B.V.	Rotterdam		12.53
FORTIS INTERTRUST (SINGAPORE) LIMITED	Singapore		12.53
FORTIS INTERTRUST (SPAIN) S.A.U.	Madrid		12.53
FORTIS INTERTRUST (SUISSE) S.A.	Geneva		12.53
FORTIS INTERTRUST (SWEDEN) AB	Lund		12.53
FORTIS INTERTRUST (UK) LIMITED	London		12.53
FORTIS INTERTRUST ADMINISTRATION SERVICES N.V.	Willemstad		12.53
FORTIS INTERTRUST AGENCY & ESCROW PTE. LTD	Singapore		12.53

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List of participating interests valued by equity method

Name	Head-office	VAT number / National Identification number	Percent of holding
FORTIS INTERTRUST BEHEER B.V.	Amsterdam		12.53
FORTIS INTERTRUST CHINA SERVICES LIMITED	Wanchai		12.53
FORTIS INTERTRUST CORPORATE SERVICES LTD	Wanchai		12.53
FORTIS INTERTRUST CORPORATE SERVICES SE	Amsterdam		12.53
FORTIS INTERTRUST DANISMANLIK AS	Istanbul		12.53
FORTIS INTERTRUST DEPOSITARY RECEIPTS B.V.	Amsterdam		12.53
FORTIS INTERTRUST FINANCE (IOM) LTD.	Douglas		12.53
FORTIS INTERTRUST FINANCE N.V.	Willemstad		12.53
FORTIS INTERTRUST FINANCIAL ENGINEERING S.A.	Luxembourg		12.53
FORTIS INTERTRUST FINANCIAL SERVICES B.V.	Amsterdam		12.53
FORTIS INTERTRUST FINANCIAL SERVICES S.A.	Luxembourg		12.53
FORTIS INTERTRUST GOVERNANCE ADVISORY B.V. I.L.	Utrecht		12.53
FORTIS INTERTRUST GOVERNANCE ADVISORY N.V.	Antwerp	BE 874.072.542	12.53
FORTIS INTERTRUST GROUP HOLDING	Geneva		12.53
FORTIS INTERTRUST GROUP HOLDING S.A., BRANCH AGNO	Agno		12.53
FORTIS INTERTRUST HORWATH (HK) LIMITED	Wanchai		12.53
FORTIS INTERTRUST INTELLECTUAL PROPERTY GROUP HOLDING SA	Geneva		12.53
FORTIS INTERTRUST LATIN AMERICAN HOLDINGS B.V.	Amsterdam		12.53
FORTIS INTERTRUST MANAGEMENT (ANTILLES) NV	Willemstad		12.53
FORTIS INTERTRUST MANAGEMENT (B.V.I) LIMITED	Tortola		12.53
FORTIS INTERTRUST MANAGEMENT (CURAÇAO) N.V.	Willemstad		12.53
FORTIS INTERTRUST MANAGEMENT (GUERNSEY) LTD	St. Peter Port		12.53
FORTIS INTERTRUST MANAGEMENT CONSULTANTS (SHANGHAI) LIMITED	Shanghai		12.53
FORTIS INTERTRUST MANAGEMENT IRELAND LIMITED	Dublin		12.53
FORTIS INTERTRUST MANAGEMENT NV	Willemstad		12.53
FORTIS INTERTRUST MANAGEMENT NV CURACAO (SUCCURSALE DE GENÈVE)	Geneva		12.53
FORTIS INTERTRUST MANAGEMENT NV, BRANCH ZUG	Zug		12.53
FORTIS INTERTRUST MANAGEMENT SERVICES PTE LTD	Singapore		12.53
FORTIS INTERTRUST NOMINEES A LIMITED	Douglas		12.53
FORTIS INTERTRUST NOMINEES B LIMITED	Douglas		12.53
FORTIS INTERTRUST PARTICIPATIONS N.V.	Willemstad		12.53
FORTIS INTERTRUST POLSKA SP. Z O.O	Warsaw		12.53
FORTIS INTERTRUST SECRETARIES (IOM) LIMITED	Douglas		12.53
FORTIS INTERTRUST SERVICES (CURACAO) N.V.	Willemstad		12.53
FORTIS INTERTRUST SERVICES (IOM) LTD	Douglas		12.53
FORTIS INTERTRUST SERVICES (SCHWEIZ) A.G.	Zug		12.53
FORTIS INTERTRUST TRUST REG. (LIECHTENSTEIN)	Vaduz		12.53
FORTIS INTERTRUST TRUSTEE SERVICES B.V.	Amsterdam		12.53
FORTIS INTERTRUST YACHT AND AIRCRAFT GROUP LIMITED	Douglas		12.53
FORTIS INVESTMENT PARTNERS PTY LTD	Sydney		36.94
FORTIS LUXEMBOURG - VIE S.A.	Luxembourg		25.03
FORTIS PRIVATE ASSISTED LIVING I COM VA	Brussels	BE 878.965.696	12.53
FORTIS PRIVATE ASSISTED LIVING I N.V.	Brussels	BE 878.716.961	12.53
FORTIS PRIVATE EURO-FASHION-CENTER	Luxembourg		6.27
FORTIS PRIVATE REAL ESTATE HOLDING S.A.	Luxembourg		12.53
FORTIS PRIVATE REAL ESTATE SERVICES S.A.	Luxembourg		12.53
FORTIS PROPERTY HOLDINGS (GUERNSEY) LTD	St Peter Port		12.53

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List of participating interests valued by equity method

Name	Head-office	VAT number / National Identification number	Percent of holding
FORTIS PROPERTY MANAGEMENT (GUERNSEY) LIMITED	St Peter Port		12.53
FORTIS READS INTERNATIONAL MANAGEMENT LTD	St Peter Port		12.53
FORTIS READS PRIVATE CLIENTS LTD	St Peter Port		12.53
FORTIS READS TRUSTEES LTD	St Peter Port		12.53
FORTIS TRUSTEES (GUERNSEY) LTD	St Peter Port		12.53
FPRE MANAGEMENT (BELGIUM) SA	Brussels	BE 871.937.750	12.53
FPRE SECOND RESIDENCES	Saint-Josse-Ten-Noode	BE 895.730.266	12.53
FRAZER HOLDING LTD.	Tortola		12.53
FRIM SERVICES LIMITED	St Peter Port		12.53
FRYNACO	Brussels	BE 418.940.129	12.53
FUND ADMIN. SERVICE & TECHNO. NETWORK BELGIUM	Brussels		23.93
FUND ADMINISTRATION SERVICES & TECHNOLOGY NETWORK LUXEMBOURG	Luxembourg		23.92
GALARDON B.V.	Amsterdam		12.53
GALOP TRADING LIMITED	Wanchai		12.53
GLOBAL EXECUTIVE MANAGEMENT SOLUTIONS B.V.	Amsterdam		12.53
GRANDALL INTERNATIONAL HOLDING LTD	Tortola		12.53
GRUPO IBERICO DE BEBIDAS BV	Amsterdam		12.53
H.A.C. CONSULTING ENGINEERS B.V.	Amsterdam		12.18
HAITONG - FORTIS PRIVATE EQUITY FUND MANAGEMENT CO. LTD	Shanghai		30.47
HET WERKMANSHUIS N.V.	Tongeren		41.04
HOLME HEAD LTD	Tortola		12.53
HOOIMARKT HOLDING B.V.	Amsterdam		12.53
HORWATH INTERTRUST (BEIJING) CONSULTANTS LTD	Beijing		5.01
HORWATH INTERTRUST (SHANGHAI) CONSULTANTS LTD	Shanghai		5.01
HORWATH INTERTRUST (SHANGHAI) CONSULTANTS LTD, BRANCH HANGZHOU	Hangzhou		5.01
HORWATH INTERTRUST HOLDINGS LTD	Wanchai		6.27
HORWATH INTERTRUST MANAGEMENT CONSULTANTS (GUANGZHOU) LTD	Guangzhou		6.27
HORWATH IT LTD	Wanchai		6.27
HORWATH MANAGEMENT SERVICES LIMITED	Wanchai		12.53
HORWATH TAX LTD	Wanchai		12.53
IALD MANAGEMENT LIMITED	Anguilla		12.53
I-CAP ANTILLES N.V.	Willemstad		12.53
I-CAP BELGIUM NV	Brussels	BE 451.627.545	12.53
I-CAP EXPLOITATION IRELAND LIMITED	Dublin		12.53
I-CAP LUXEMBOURG SA	Luxembourg		12.53
I-CAP MAGYAR KFT	Budapest		12.53
I-CAP NETHERLANDS B.V.	Amsterdam		12.53
I-CAP UK LTD	London		12.53
IFS CAPITAL GMBH	Zug		12.53
IFS CAPITAL II AG	Zug		12.53
IFS CAPITAL III A.G.	Zug		12.53
IFS CAPITAL IV A.G.	Zug		12.53
IFS CAPITAL LUXEMBURG S.A.	Luxembourg		12.53
IFS HOLDING AG	Zug		12.53
IFS INTERNATIONAL FINANCIAL SOLUTIONS AG	Zug		12.53
IMMO RÉSIDENCE DU PLATEAU	Wavre	BE 451.403.653	12.53
IMMOLOUNEUVE	Brussels		50.00

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List of participating interests valued by equity method

Name	Head-office	VAT number / National Identification number	Percent of holding
INB HOLDINGS LTD	Tortola		12.53
INFINITI ADMINISTRATION (ASIA) LIMITED	Wanchai		12.53
INFINITI CUSTODY (ASIA) LTD.	Wanchai		12.53
INFINITI ESCROW (ASIA) LIMITED	Wanchai		12.53
INFINITI REGISTRATION (ASIA) LTD	Wanchai		12.53
INFINITI TRUST (ASIA) LTD	Tortola		12.53
INFINITI TRUST (HONG KONG) LTD	Wanchai		12.53
INFINITI TRUST (NZ) LTD	Auckland		12.53
INTERNATIONAL BEAMS SA	Panama		12.53
INTERTRUST (GUERNSEY) LIMITED	St Peter Port		12.53
INTERTRUST CORPORATE SERVICES LIMITED	Anguilla		12.53
INTERTRUST FINANCE LIMITED (ANGUILLA)	Anguilla		12.53
INTERTRUST GROUP NV	Willemstad		12.53
INTERTRUST HOLDINGS LIMITED	Anguilla		12.53
INTERTRUST INSURANCE NV	Willemstad		12.53
INTERTRUST NOMINEES (ANGUILLA) LTD	Anguilla		12.53
INTERTRUST NOMINEES LIMITED	Tortola		12.53
INTIMIS MANAGEMENT COMPANY N.V.	Willemstad		12.53
ISABEL S.A./N.V.	Brussels		25.33
JARWELL LIMITED	Wanchai		12.53
JASMATTE VALLEY INC.	Nassau		12.53
JAVF CUSTODIAN B.V.	Amsterdam		12.53
JEB LIMITED	Monrovia		12.53
JIGSAW LIMITED	Tortola		12.53
JOINT EXPRESS INVESTMENTS LTD	Nassau		12.53
JOPEN S.A.R.L.	Luxembourg		12.53
JOYEAGLE LTD	Tortola		12.53
JSH SERVICES LTD	St Peter Port		12.53
KCP NETHERLANDS HOLDINGS II B.V.	Amsterdam		12.53
KELBURNE LIMITED	Tortola		12.53
KINETRON S.A.	Luxembourg		12.53
KIT FORTIS INVESTMENT CONSULTING, LLC	Saint-Petersburg		46.17
KIT FORTIS INVESTMENT MANAGEMENT	Saint-Petersburg		46.17
KIT FORTIS INVESTMENT MANAGEMENT	Almaty		46.17
KIT FORTIS INVESTMENT MANAGEMENT HOLDING B.V.	Amsterdam		46.17
KROWAL N.V.	Brussels	BE 453.869.433	12.53
L.C.H. INVESTMENT N.V.	Willemstad		8.52
LA MAISON SOCIALE DE TOURNAI-ATH S.A.	Tournai		99.72
LA PROPRIÉTÉ SOCIALE DE BINCHE-MORLANWELZ S.A.	Binche		20.81
LABORAS INC.	Tortola		12.53
LAKEI B.V.	Amsterdam		12.53
LANDBOUWKANTOOR VAN VLAANDEREN N.V.	Kortrijk		100.00
LATTICE SYSTEMS BV	Amsterdam		12.53
LES BANQUES HOLDINGS LIMITED	St. Peter Port		12.53
LEXUS SERVICES LIMITED	St Peter Port		12.53
LIMATIS N.V.	Willemstad		12.53
LIPPIZANER N.V.	Amsterdam		12.53

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List of participating interests valued by equity method

Name	Head-office	VAT number / National Identification number	Percent of holding
LMC RADIO LIMITED	London		12.53
LOCHERBEN COMPANY LTD	Tortola		12.53
LOCUM N.V.	Willemstad		12.53
LOTOM HOLDING S.A.	Willemstad		12.53
LUXEMBOURG INVESTMENTS SARL	Luxembourg		12.53
MAGONIN SPRING C.V.	Amsterdam		6.27
MAMORU AUTUMN C.V.	Amsterdam		6.27
MANGALOR HOLDING S.A.	Luxembourg		12.53
MAPASC MANAGEMENT LTD	Willemstad		12.53
MARIE LEASE SARL	Luxembourg		25.03
MARTELLO COURT TRUSTEES LIMITED	St Peter Port		12.53
MAYEL HOLDING S.A.	Luxembourg		12.53
MEESPIERSON DEELNEMINGEN (CURAÇAO) N.V.	Willemstad		12.53
MEESPIERSON INTERTRUST (CARIBBEAN) LIMITED	Anguilla		12.53
MEESPIERSON INTERTRUST CONSULTING S.A.	Geneva		12.53
MEESPIERSON LEASING B.V.	Amsterdam		12.53
MEESPIERSON PRIVATE BELGIAN OFFICES NV	Brussels	BE 870.332.104	12.53
MEIERIJ NV.	Willemstad		12.53
MEJIS MANAGEMENT LIMITED	Tortola		12.53
MELLIN CORP S.A.	Amsterdam		12.53
MERLEY HOLDINGS LIMITED	St Peter Port		12.53
MIDA SYSTEMS ENTERPRISE BV	Amsterdam		12.53
MIJN HUIS & EDOUARD PECHER N.V. IN VEREFFENING	Antwerpen		50.26
MINSTREL SERVICES LTD	London		12.53
MODY LIMITED	Monrovia		12.53
MONTE CARIBE INVESTMENT TRUST N.V.	Curacao		12.53
MONTEREY SERVICES S.A.	Luxembourg		12.53
MPI HOLDING SWEDEN AB	Lund		12.53
MPI SERVICES	Brussels	BE 463.120.065	12.53
MPR TRUST COMPANY LIMITED	St Peter Port		12.53
MPT SERVICES N.V.	Brussels	BE 449.131.378	12.53
M-STYLE LTD	Wanchai		12.53
MULTI TRADE SERVICES LIMITED	Wanchai		12.53
N.V DE EDELWEIS	Begijnendijk	BE 422.548.741	12.53
N.V. BELEGGINGSMAATSCHAPPIJ MIHUL	Willemstad		12.53
NIEUWE MAATSCHAPPIJ ROND DEN HEERD N.V. (IN VEREFFENING)	Marke		23.26
NUCLETRON BEHEER B.V.	Curaçao		12.53
OLSBORG HOLDING B.V.	Amsterdam		12.53
ON REINSURANCE N.V.	Curaçao		12.53
OOO FORTIS INTERTRUST RUS	Moscow		12.53
OPTIMETRA S.A.	Luxemburg		12.53
ORSIANI CORPORATION N.V.	Willemstad		12.53
OSTARA PARTNERS INC.	Grand Cayman		46.17
OSTARA PARTNERS INC. KOREA	Grand Cayman		46.17
OTIS VEHICLE RENTALS LIMITED	West Midlands		20.02
OVERLAND S.A.R.L.	Charlotte		12.53
OYENS ARUBA MANAGEMENT CORPORATION N.V.	Aruba		12.53

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List of participating interests valued by equity method

Name	Head-office	VAT number / National Identification number	Percent of holding
P.M.S. TRUST S.A.	Luxemburg		12.53
PARARIUM BV	Amsterdam		12.53
PARKFIELD TRADING LTD	Douglas		12.53
PCS LIMITED	Wanchai		12.53
PCS SECRETARIES LIMITED	Wanchai		12.53
PCS TRUSTEES LIMITED	Tortola		12.53
PEHAPEX N.V.	Willemstad		12.53
PENHALL LIMITED	St Peter Port		12.53
PERBURY LIMITED	St Peter Port		12.53
PHIDIAS MANAGEMENT	Brussels	BE 447.279.272	12.53
PIERJET INVESTMENTS S.A.	Luxemburg		12.53
POLYVAL ASSOCIATES SA	Geneva		12.53
PORTFOLIO & INVESTMENT MANAGEMENT SERVICES LIMITED	Monrovia		12.53
PORTHOS GROUP LTD	Tortola		12.53
POSTBANK IRELAND LTD	Dublin		25.03
POVISON LIMITED	Nicosia		12.53
PRESTIBEL LEFT VILLAGE	Antwerp		70.06
PRINZA LTD	Wanchai		12.53
PRISIM SERVICES LIMITED (UK)	London		12.53
PRITCHARDS SECRETERIAL SERVICES LTD	St Peter Port		12.53
PRITCHARDS TRUSTEES LTD	St Peter Port		12.53
PROBUS READS TRUST COMPANY LIMITED	St Peter Port		6.27
PROCUREMENT	Wavre	BE 426.241.160	12.53
PW MANAGEMENT LTD	Wanchai		12.53
R&L MANAGEMENT EN BELEGGINGEN B.V.	Amsterdam		12.53
RELTON HOLDINGS LIMITED	St Peter Port		12.53
RESORT ESTATE INVESTMENT SA	Luxemburg		12.53
RFH LTD.	Hamilton		49.90
RIGOLETTO CORPORATION N.V.	Willemstad		12.53
RIMEDA HOLDING & INVESTMENT COMPANY N.V.	Willemstad		12.53
ROCOM LIMITED	Douglas		12.53
ROSENCRANZ REALTY CORPORATION NV	Willemstad		12.53
ROSLEA LIMITED	Wanchai		12.53
ROUILLE B.V.	Amsterdam		12.53
RUSTEM LTD	Tortola		12.53
SA FPRE SECOND RESIDENCES	Saint-Josse-Ten-Noode	BE 887.281.467	12.53
SALTASOL ASSOCIATED S.A.	Panama City		12.53
SAN MARAMBA LIMITED	Tortola		12.53
SANDWELL INVESTMENTS LTD	Wanchai		12.53
SAPPHIRE SERVICES N.V.	Curaçao		12.53
SECKFORD FINANCE B.V.	Amsterdam		12.53
SENA INVEST S.A.	Luxemburg		12.53
SITF HOLDING B.V.	Amsterdam		12.53
SKYLINE IMPEX LTD (IN LIQUIDATION SINCE 31/10/2007)	London		12.53
SNOWDON-MAST B.V.	Amsterdam		12.53
SORELU S.A.	Luxemburg		12.53
SPREAD NOMINEES LIMITED	St Peter Port		12.53

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List of participating interests valued by equity method

Name	Head-office	VAT number / National Identification number	Percent of holding
SPREAD SERVICES LIMITED	St Peter Port		12.53
SPREAD TRUSTEE COMPANY LTD	St Peter Port		12.53
STATEN MANAGEMENT NV	Willemstad		12.53
STICHTING BONDIX FINANCE	Amsterdam		12.53
STICHTING CLEARWAY FINANCE	Amsterdam		12.53
STOCKSFIELD LTD	Road Town		12.53
SUMAI C.V.	Amsterdam		6.27
SUNNYDENE INVESTMENTS LIMITED	St Peter Port		12.53
TAITBOUT SILICIUM B.V.	Amsterdam		12.53
TAPMAN (NOMINEES) LTD	Wanchai		12.53
TARAZONA BVBA	Brussels	BE 475.695.027	12.53
TASMAN TRUST (NZ) LIMITED	Auckland		12.53
TEMPOFIN CORPORATION N.V.	Willemstad, Curacao		12.53
TEXTAINER MARINE CONTAINERS LTD.	Hamilton		25.00
THE OFFSHORE MANAGEMENT COMPANY N.V.	Willemstad		12.53
TOGI INVESMENT COMPANY LTD	Douglas		12.53
TOLLLER LTD	St. Peter Port		12.53
TRIBECA BVBA	Brussels	BE 878.542.955	12.53
TRIO INVEST S.A.	Luxemburg		12.53
TROUBADOUR CORPORATION N.V.	Willemstad		12.53
TRUST & ADMINISTRATIEKANTOOR BRENTANO B.V.	Amsterdam		12.53
UNIVERSAL MANAGEMENT SERVICES S.À R.L.	Luxemburg		12.53
UTTAH LIMITED	Tortola		12.53
VELMA CORPORATION N.V.	Willemstad		12.53
VERDURMEN EN DE FEIJTER B.V.	Amsterdam		12.53
VERSIKO AG	Hilden		20.68
VIJVERBERG TRUST B.V.	Amsterdam		12.53
VIJVERBERG TRUST CUSTODIAN B.V.	Amsterdam		12.53
VISA BELGIUM SRCL	Brussels		25.07
W.I.T.G LTD (IN LIQUIDATIONS SINCE 17.01.2007)	London		12.53
WATERWILG BEHEER B.V.	Amsterdam		12.53
WEGODIT	Brussels	BE 880.835.719	12.53
WESTKOLK HOLDING B.V.	Amsterdam		12.53
WETUMO BELEGGINGEN B.V.	Amsterdam		12.53
WORLD INTERNATIONAL AFFILIATES CORP.	Tortola		12.53
YACHT FINANCE AND SERVICES B.V.	Amsterdam		12.53
YASAWA HOLDING B.V.	Willemstad		12.53
YASAWA HOLDINGS 2007 N.V.	Willemstad		12.53
YVOMANTE CORPORATION N.V.	Willemstad		12.53
ZEFANJA CORPORATION N.V.	Willemstad		12.53
ZONET CORPORATION N.V.	Willemstad		12.53
ZUIDVOORNE BEHEER B.V.	Amsterdam		12.53

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List of participating interests not valued by equity method

Name	Head-office location	VAT number / National Identification number	Percentage of holding (%)	Reason of the exclusion
A2IA GROUP	Paris		31.16	Immaterial interest
ABN AMRO TEDA FUND MANAGEMENT CO. LTD	Beijing		45.25	Immaterial interest
ALGONOMICS	Zwijnaarde	BE 466.416.184	27.83	Immaterial interest
ALPHA CARD MERCHANT SERVICES	Watermael-Boitsfort	BE 475.933.171	50.00	Immaterial interest
ALTERNATIVE SYSTEMS (ALTSYS)	Malonne	BE 436.528.704	21.44	In liquidation
ANTWERPS INNOVATIE CENTRUM	Edegem	BE 472.386.634	21.30	Immaterial interest
ARETS INTERNATIONAL	Niel	BE 890.356.466	49.90	Immaterial interest
BABY GIFT INTERNATIONAL	Villedieu La Blouère		34.59	Immaterial interest
BAEKELANDFONDS R.U. GENT N.V.	Ghent	BE 465.509.235	33.33	Immaterial interest
BANQUE COMMERCIALE DU CONGO	Kinshasa		25.61	Unjustified delay
BANQUE INTERNATIONALE AFRIQUE AU NIGER	Niamey		35.00	Unjustified delay
BEDRIJVENCENTRUM ZAVENTEM	Zaventem	BE 426.496.726	24.98	Immaterial interest
BEXCO	Hamme	BE 412.623.251	26.62	Immaterial interest
BRUSSELS I3 FUND	Elseen	BE 477.925.433	36.37	Immaterial interest
CERTIFICAT ETOILE S.A.	Luxembourg		25.00	Real estate certificate
CONTICLIMA	Sint-Kruis-Winkel	BE 457.655.403	22.36	Immaterial interest
COOLSTAR	Anderlecht	BE 433.254.359	32.14	Immaterial interest
COÖPERATIEVE H2 EQUITY PARTNERS FUND III U.A	Amsterdam		24.07	Immaterial interest
CRONOS LTD	Hamilton		38.69	Immaterial interest
DOLNOSLASKA SZKOLA BANKOWA Sp.z.o.o	Lubin		24.75	Immaterial interest
ETNA	Erembodegem	BE 419.508.766	20.97	Immaterial interest
FLANDERS ENGINEERING	Erpe-Mere	BE 425.252.552	39.97	Immaterial interest
FORTIS AGENCY LIMITED	Wanchai		50.00	Immaterial interest
FORTIS ASIA LIMITED	Wanchai		50.00	Immaterial interest
FORTIS CHINA LIMITED	Wanchai		50.00	Immaterial interest
FORTIS FAR EAST LIMITED	Wanchai		50.00	Immaterial interest
FORTIS FOREIGN FUND SERVICES AG	Zürich		49.91	Immaterial interest
FORTIS FUTURES LIMITED	Wanchai		50.00	Immaterial interest
FORTIS GREATER CHINA LIMITED	Wanchai		50.00	Immaterial interest
FORTIS GROUP LTD	Wanchai		50.00	Immaterial interest
FORTIS INSURANCE LIMITED	Wanchai		50.00	Immaterial interest
FORTIS INTERNATIONAL LIMITED	Wanchai		50.00	Immaterial interest
FORTIS LIMITED	Wanchai		50.00	Immaterial interest
FORTIS MANAGEMENT LIMITED	Wanchai		50.00	Immaterial interest
FORTIS SERVICES LIMITED	Hong Kong		50.00	Immaterial interest
GEMMA FRISIUS-FONDS K.U.LEUVEN II NV	Leuven	BE 477.960.372	40.00	Immaterial interest
GEMMA FRISIUS-FONDS K.U.LEUVEN N.V.	Leuven	BE 461.734.351	40.00	Immaterial interest
GRUPO ELOGOS, S.L.	Madrid		44.93	Immaterial interest
GUDRUN XPERT	Brussels	BE 477.315.422	26.00	Immaterial interest
IMMO KOLONEL BOURGSTRAAT	Brussels	BE 461.139.879	50.00	Real estate certificate
IMMO REGENBOOG N.V.	Mechelen	BE 448.859.481	30.01	Immaterial interest
IMMO-BEAULIEU	Brussels	BE 450.193.133	25.00	Real estate certificate
MIDDLE EAST BANK KENYA LTD	Nairobi		25.03	Unjustified delay
MIR	Brecht	BE 475.137.177	25.04	Immaterial interest
NOVA ELECTRO INTERNATIONAL (in vereffening)	Tongeren	BE 441.210.537	26.84	Immaterial interest
PAR 3	Senningerberg		38.34	Immaterial interest
SOPHIS SYSTEMS	Wevelgem	BE 424.871.975	27.25	In liquidation
STUDIO 100	Schelle	BE 457.622.640	32.56	Immaterial interest
TRANSPORTES GARCÌA VILLALOBOS S.A.	Barcelona		45.74	Immaterial interest
XENICS	Heverlee	BE 473.044.848	21.51	Immaterial interest

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List of participating interests not consolidated and not valued by equity method in which the group holds rights representing at least 10% of the capital subscribed

Name	Head-office location	VAT number / National identification number	Percentage of holding (%)	Monetary Unit	Net result as at 31/12/2007 (in thousands)	Shareholders' equity as at 31/12/2007 (in thousands)
ANTICLEE FINANCE	Rillieux La Pape		15.16	EUR	165	932
BAEKELAND-FONDS II	Ghent	BE 876.424.296	18.02	EUR	(458)	3,227
BAPAR SAS	Horbourg-Wihr		17.22	EUR	194	1,463
BBOF III INVESTORS B.V.	Amsterdam		12.13	EUR	(935)	1,356
BEDRIJVENCENTRUM DENDERMONDE	Dendermonde	BE 438.558.081	19.61	EUR	34	1,023
BEDRIJVENCENTRUM REGIO AALST	Erembodegem	BE 428.749.502	14.23	EUR	(2)	654
BEDRIJVENCENTRUM VILVOORDE N.V.	Vilvoorde	BE 434.222.577	11.02	EUR	145	1,157
BEDRIJVENCENTRUM WAASLAND N.V.	Sint-Niklaas	BE 427.264.214	16.03	EUR	6	889
BELNEP RPODUCTION	Tournai	BE 437.121.095	14.71	EUR	-	-
BEM-FLEMISH CONSTRUCT. & INVES	Brussels	BE 461.612.904	12.05	EUR	452	5,367
CETREL	Munsbach		14.06	EUR	-	-
CHINA-BELGIUM FUND	Beijing		10.00	CNY	17,683	996,237
CLARISSE	Paris		10.12	EUR	2,623	18,128
CREDIT SOC. DE BRABANT WALLON	Nivelles	BE 400.351.068	12.10	EUR	177	4,201
DOMUS FLANDRIA	Antwerp	BE 436.825.642	11.22	EUR	2190	26,655
EUROPAY LUXEMBOURG SC	Munsbach		16.52	EUR	(29)	586
EUROPEAN CARBON FUND	Luxembourg		10.53	EUR	32,284	0
EUROSCREEN	Anderlecht	BE 453.325.639	13.05	EUR	12,246	12,046
FINANCIERE SAINT-NICOLAS	Dombasle sur Meurthe		11.18	EUR	2,312	5,609
GEMIDIS	Zwijnaarde	BE 866.667.482	12.63	EUR	(4,860)	3,032
GIMV CZECH VENTURES	Amsterdam		14.63	EUR	-	-
GROUPE EDITOR S.A.	Aix-en-Provence		14.21	EUR	(64)	26,692
HACO	Rumbeke	BE 405.568.183	13.64	EUR	3,121	31,563
HERACLES	Charleroi	BE 427.178.892	13.55	EUR	308	627
HORECA SERVE	Zedelgem	BE 432.000.980	11.93	EUR	-	-
I.R.M.	Ans	BE 433.711.447	19.72	EUR	1	(7,612)
IMMOBILIERE DISTRI-LAND	Molenbeek	BE 436.440.909	12.48	EUR	31	198
INNOV. DEV. BRABANT WALLON	Tubize	BE 460.658.938	16.32	EUR	38	738
LE CREDIT SOCIAL DE TUBIZE	Tubize	BE 400.344.140	11.43	EUR	29	298
LE CRED. SOC. PETITS PROP. REUN.	Chatelet	BE 401.609.593	12.38	EUR	137	2,504
LE PETIT PROPRIETAIRE	Woluwe-Saint-Lambert	BE 403.290.366	11.60	EUR	5	167
MARFIL	Hulshout	BE 458.805.248	16.94	EUR	-	-
METALOGIC	Heverlee	BE 444.184.576	18.04	EUR	109	134
METROPOLITAN BUILDINGS S.A.	Brussels	BE 432.742.734	15.00	EUR	16	132
MONUMENT GROUP	Brussels	BE 439.707.334	12.89	EUR	135	7,211
NET FUND EUROPE	Groot-Bijgaarden	BE 465.995.423	11.06	EUR	525	3,354
OLEON HOLDING NV	Ertvelde	BE 473.266.166	12.36	EUR	86	41,303
PARK DE HAAN N.V.	Brussels	BE 438.533.436	15.00	EUR	776	68
PHARMADM	Heverlee	BE 473.394.147	18.59	EUR	(21)	(405)
PRESTOSID INDUSTRIES	Villerupt		15.95	EUR	(171)	1,709
PSF	Weyersheim		11.93	EUR	941	5,251
S.A. BERLAYMONT 2000 (EN LIQUIDATION)	Etterbeek	BE 441.629.617	14.85	EUR	3,001	14,155
S.B.I - B.M.I.	Brussels	BE 411.892.088	19.51	EUR	553	32,768
SALYP	Ieper	BE 468.785.459	15.35	EUR	-	-
SHENERGY GROUPE FINANCE COMPANY LTD	Shanghai		10.00	CNY	11,382	511,382

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List of participating interests not consolidated and not valued by equity method in which the group holds rights representing at least 10% of the capital subscribed

Name	Head-office location	VAT number / National identification number	Percentage of holding (%)	Monetary Unit	Net result as at 31/12/2007 (in thousands)	Shareholders' equity as at 31/12/2007 (in thousands)
SINT-JOZEFSKREDIETMAATSCHAPPIJ	Beringen	BE 401.349.970	11.93	EUR	348	20,299
START-IT	Angleur	BE 466.790.625	16.67	EUR	(277)	5,925
TOUS PROPRIETAIRES S.A.	Erquelinnes	BE 401.731.339	16.82	EUR	389	5,284
TRIODOS VENTURE CAP. FUND	Zeist		11.29	EUR	224	3,676
TRIP RAIL HOLDINGS LLC	Dallas		16.33	USD	(1,600)	99,500
ULTRAGENDA	Destelbergen	BE 458.951.936	15.01	EUR	1,040	3,110
VISALUX	Munsbach		14.60	EUR	604	3,675
VIVES N.V.	Ottignies	BE 862.398.591	14.70	EUR	(623)	4,403

Report of the accredited statutory auditors

JOINT STATUTORY AUDITORS' REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FORTIS BANK SA/NV AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2008

As required by law and the company's articles of association, we report to you in the context of our appointment as the Company's statutory auditors. This report includes our opinion on the consolidated financial statements and the required additional remarks and information.

QUALIFIED OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS, WITH EXPLANATORY PARAGRAPHS

We have audited the consolidated financial statements of Fortis Bank SA/NV (the "Company") and its subsidiaries (the "Group") as of and for the year ended 31 December 2008, prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated balance sheet as of 31 December 2008 and the consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes (the "Consolidated Financial Statements"). The total of the consolidated balance sheet amounts to EUR (000.000) 586,777 and the consolidated statement of income shows a loss for the year (group share) of EUR (000.000) 20,556.

The Company's board of directors is responsible for the preparation of the Consolidated Financial Statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the legal requirements applicable in Belgium and with Belgian auditing standards, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free of material misstatement.

In accordance with the auditing standards referred to above, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of these procedures is a matter for our judgment, as is the assessment of the risk that the Consolidated Financial Statements contain material misstatements, whether due to fraud or error. In making those risk assessments, we have considered the Group's internal control relating to the preparation and fair presentation of the Consolidated Financial Statements, in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. We have also evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Group, as well as the presentation of the Consolidated Financial Statements taken as a whole. Finally, we have obtained from the board of directors and Group officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

On 3 October 2008, the Company sold its shares in Fortis Bank Nederland Holding N.V. (FBN (H)) to the Dutch State. As indicated in note 3.3 to the consolidated financial statements, no analysis of the "Net result on discontinued operations" distinguishing between the net results of operations of FBN (H) until the date of its disposal and the net gain or loss on such disposal has however been provided. In addition, the Company has not provided any 2008 details in the Consolidated Cash-flow Statement for cash flows from discontinued operations. These omissions constitute departures from International Financial Reporting Standard 5, "Non-current Assets Held for Sale and Discontinued Operations".

In our opinion, except for the omission of the information described in the preceding paragraph, the Consolidated Financial Statements give a true and fair view of the Group's net worth and financial position as of 31 December 2008 and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Without further qualifying our opinion, we draw the attention to the following matters:

- As described in note 47 to the Consolidated Financial Statements, as a result of 2008 events having impacted the Fortis group, a number of claimants have initiated legal actions against the former Fortis group, including the Company and / or certain members of their boards of directors and management. The ultimate outcome of these matters and the potential consequences for the Company and its directors cannot presently be determined and therefore no provisions have been recorded in the Consolidated Financial Statements.

- On 10 October 2008, a Share Purchase Agreement was entered into, amongst others, by Fortis SA/NV, SFPI-FPIM and the Company as a fall-back scenario in case the Protocole d'Accord (meanwhile amended) with BNP Paribas would not take effect. As indicated in note 18.4.3 to the Consolidated Financial Statements, under this Share Purchase Agreement, the Company has the obligation to sell certain of its structured-credit instruments, at a price contractually determined on the basis of the situation at 31 August 2008, to a special-purpose vehicle (SPV) to be funded by Fortis SA/NV and SFPI-FPIM. However, since no agreement has been reached to date on which specific instruments are to be sold and considering the current uncertainties on the effective execution of the fall back scenario, the structured-credit portfolio as of 31 December 2008 has been valued without considering the aforementioned obligation.

- Despite the significant losses affecting the Company's financial position, the Consolidated Financial Statements have been prepared on the assumption that the Company will pursue its activities. We refer to the Report of the Board of Directors which indicates that the Company's management, the Audit Committee and the Board of Directors have assessed the ability of the company to continue as a going concern taking into consideration all possible information for the foreseeable future (including business plan based on severe but not extreme economic conditions and the expected support from the shareholders) and have concluded that the 2008 financial statements can be prepared on a going-concern basis. Therefore, the Consolidated Financial Statements do not include any adjustments in respect of the valuation or classification of certain components of the balance sheet, which could prove to be necessary if the Company was no longer able to pursue its activities.

ADDITIONAL REMARK AND INFORMATION

The Company's board of directors is responsible for the preparation and content of the management report on the Consolidated Financial Statements (the "Report of the Board of Directors").

Our responsibility is to include in our report the following additional remark and information, which do not have any effect on our opinion on the Consolidated Financial Statements:

- The Report of the Board of Directors deals with the information required by the law and is consistent with the Consolidated Financial Statements. However, we are not in a position to express an opinion on the description of the principal risks and uncertainties facing the companies included in the consolidation, the state of their affairs, their forecast development or the significant influence of certain events on their future development. Nevertheless, we can confirm that the matters disclosed do not present any obvious inconsistencies with the information we became aware of during the performance of our mandate.

- In its Report, the Board of Directors indicates that the internal control environment was under pressure during the fourth quarter of 2008 due to the Fortis reconfiguration process and the severe deterioration of the market conditions, but that it did not have a significant influence on the overall reliability of the Consolidated Financial Statements. We note that the Board of Directors of the Company has since approved an action plan to address the situation referred to above. In the context of our audit, we assessed the increased risk of material misstatement in the Consolidated Financial Statements, whether due to fraud or error, and adapted our audit approach accordingly, deploying additional detailed tests of recorded transactions and balances. However, as explained in the fifth paragraph of this report, our consideration of the Group's internal control relating to the preparation of the Consolidated Financial Statements is designed to enable us to select appropriate audit procedures and not to express an opinion on the effectiveness of the Group's internal control.

Brussels, 10 April 2009

PricewaterhouseCoopers
Bedrijfsrevisoren BCVBA

The statutory auditor
Represented by

L. Discry
Bedrijfsrevisor

Klynveld Peat Marwick Goerdeler
Bedrijfsrevisoren BCVBA

The statutory auditor
Represented by

O. Macq
Bedrijfsrevisor

Fortis Bank Annual Report 2008 (non-consolidated)

Report of the Board of Directors

The report of the Board of Directors contains an overview of the events of the year 2008, followed by a reminder of Fortis Bank's core activities and businesses. Subsequently, this report continues with an elaboration of the Balance sheet evolution and the evolutions in the Income Statement. Finally the Statement of the Board of Directors on the 2008 Financial Statements of Fortis Bank is included as well as the composition of the Board and a section on Corporate Governance.

A highly challenging year 2008

2008 was a turbulent year, during which Fortis Bank and Fortis – the former group holding company of Fortis Bank – like many other financial institutions, were confronted with a systemic financial crisis of unprecedented proportions. Fortis Bank's operational and financial activities, were especially impacted in 2008, because of the integration project of the in 2007 acquired ABN AMRO activities, absorbing significant resources and competences. This project ended abruptly at the beginning of October 2008, when Fortis Bank had to be restructured with the assistance of the Belgian, Luxembourg and Dutch Governments, followed by negotiations with BNP Paribas to take a majority position in Fortis Bank.

On 29 September 2008, the Belgian State invested EUR 4.7 billion in Fortis Bank SA/NV in return for 49.9% of the common equity of Fortis Bank. The Luxembourg State invested EUR 2.5 billion in Fortis Banque Luxembourg SA in the form of a subordinated loan. On 15 December 2008, the Luxembourg State obtained 49.9% of the common equity of Fortis Banque Luxembourg, by converting EUR 2.4 billion of this loan in equity.

On 3 October 2008, Fortis Bank Nederland (Holding), Fortis Verzekeringen Nederland and Fortis Corporate Insurance were sold to the Dutch State for a total consideration of EUR 16.8 billion, of which EUR 4 billion benefited Fortis and the remaining EUR 12.8 billion Fortis Bank. This deal was closed on 6 October 2008.

On 6 October 2008, Fortis announced the sale of the remaining 50% plus one share in Fortis Bank to the Belgian State for EUR 4.7 billion. This sale was closed on 10 October 2008 by way of a Share Purchase Agreement (SPA) between Fortis and the Belgian State. The Belgian Government made an agreement (Protocole d'Accord of 10 October 2008) with BNP Paribas on the subsequent transfer of 75% of the Fortis Bank shares to BNP Paribas in exchange for shares in BNP Paribas, while the Belgian Government would continue to own the remaining 25% of the Fortis Bank shares.

This agreement contained also the transfer of a portfolio of structured credit products with a value of EUR 10.4 billion by Fortis Bank to a special purpose vehicle (SPV), jointly owned by Fortis, the Belgian State and BNP Paribas.

Immediately after this agreement (as spelled out in the Protocole d'Accord of 10 October 2008), Fortis Bank started the development of a plan on how best to cooperate with BNP Paribas in the future, assuming this transaction would materialize in the following weeks after 10 October 2008.

On 12 December 2008, the Court of Appeal of Brussels announced that the decisions taken by the Boards of Directors of Fortis Bank and Fortis on 3 October 2008 (sale of the Dutch assets), 5 and 6 October 2008 (sale of the remaining 50% + one share of Fortis Bank SA/NV) and the transactions contemplated under the Protocole d'Accord, were suspended. The decisions taken by the Boards of Directors of Fortis Bank SA/NV and of Fortis on 3, 5 and 6 October 2008 and the agreements entered into in implementation thereof were to be submitted to a Shareholders' meeting of Fortis SA/NV to be convened at the latest on 12 February 2009.

Given the uncertainty, created by the 12 December 2008 decisions of the Court of Appeal of Brussels on the actual realization of the transactions with BNP Paribas, the Fortis Bank Board of Directors decided to develop a comprehensive "Stand Alone Plan" in case this would be needed.

In compliance with the 12 December 2008 decisions of the Court of Appeal of Brussels, a shareholders' meeting of Fortis SA/NV was convened on 11 February 2009.

The General Meeting of Shareholders of Fortis SA/NV voted not to approve the decisions taken by the Board of Directors of Fortis SA/NV regarding the sale of the Dutch assets to the Dutch state and the sale of 50% + one share of Fortis Bank SA/NV to the Belgian State. Since the approval of the sale of 50% + one share of Fortis Bank SA/NV was a precondition for voting on the transactions proposed under the Protocole d'Accord, as amended by the Avenant of 31 January 2009, the latter was not put to a vote.

On 6 March 2009, among others, Fortis, BNP Paribas, the SFPI/FPIM and Fortis Bank reached an agreement on revised terms of these transactions. Under the terms of this amended agreement, the Belgian State will transfer to BNP Paribas 75% of Fortis Bank in exchange for BNP Paribas shares, Fortis Bank will acquire 25% of Fortis Insurance Belgium from Fortis and the structured credit portfolio, to be transferred by Fortis Bank to a SPV, will be supplemented by additional lines for a total amount close to EUR 2 billion of which EUR 1 billion comes in replacement of redemptions which occurred since 31 August 2008. The Brussels Court of Appeal decided on 31 March 2009, in a hearing at which Fortis was not represented that only those shareholders of Fortis SA/NV that owned Fortis shares prior to 14 October 2008 could vote on the project with BNP Paribas. For organisational and practical reasons the Board of Directors has therefore decided at 1 April 2009, with regard to both Fortis SA/NV and Fortis N.V., to postpone the vote on the project with BNP Paribas until the meetings of 28 and 29 April.

As a consequence of the postponement of the vote on the project with BNP Paribas, Fortis, BNP Paribas and the Belgian State have agreed to once again amend the already changed *Protocole d'Accord* of 10 October 2008. The new final date by which the approval of the project with BNP Paribas must be obtained from the shareholders of Fortis SA/NV and Fortis N.V. is now 1 May 2009 (instead of 18 April). The ultimate date by which all precedent conditions, as stipulated in the agreement, must be met, or be waived by BNP Paribas, will be set later at a date between 1 and 15 May 2009 (instead of 30 April).

Comprehensive descriptions of the events affecting Fortis Bank in September and October 2008 and the agreements Fortis Bank, Fortis and its (former) subsidiaries were required to enter into between October 2008 and March 2009, in order to safeguard the continuity of Fortis Bank and Fortis, are available in the different circulars to the shareholders of Fortis and in the different press releases of Fortis Bank and Fortis, as published on the Fortis website: www.fortis.com.

Immediately after the transactions of September and October 2008, Fortis Bank management started a comprehensive program to restore customer confidence, to improve the bank's liquidity position, to maintain solid solvency ratios and to generate recurrent earnings while limiting their volatility. The reduction of loans outside the Benelux, the sale of a major part of the equities portfolio and the hedging of positions on interest rate options, were executed to attain this objective.

Despite the impact of the turmoil in the financial sector, Fortis Bank and its 19,310 employees, have continued to service their clients well and, consequently, the bank has been able to sustain its position as market leader in Belgium. Fortis Bank has shown its continued support to the economy, illustrated by an increased market share in mortgages and by an increased amount of investment credits for professionals.

Fortis Bank's activities are exposed to a series of risks such as credit risk, market risk, liquidity risk and operational risk. To ensure that these risks are identified and adequately controlled and managed, the bank adheres to a number of internal control procedures and a whole array of risk indicators which are further described in this annual report in note 6 on Risk management of the Consolidated Financial Statements.

Fortis Bank is involved as a defendant in various claims, disputes and legal proceedings in Belgium and in a number of foreign jurisdictions, arising in the ordinary course of its banking business and following the restructuring of Fortis Bank and Fortis Group end of September and beginning of October 2008, as further described in note 47 of the Consolidated Financial Statements. Events after the reporting period are further described in the section 'Other information of the Consolidated Financial Statements'.

The strengthened financial position – together with the continued dedication of the staff – allows Fortis Bank to manage the commercial activities in an unusually difficult environment. We are turning a very dark page in the history of the bank. On behalf of the Board of Directors and the whole management, we would like to thank all customers, employees, the Belgian and Luxembourg States and all shareholders for their support and confidence in this difficult period. We will continue to take up our responsibility as a bank, which is to serve our customers and remain close to them in these difficult circumstances, and we will continue to serve and support the communities in which we are active.

The Board of Directors of Fortis Bank SA/NV will propose to the Annual General Meeting of Shareholders in May 2009 not to declare a dividend over the year 2008.

Moreover, Fortis Bank's Executive Board has foregone any bonuses for the year 2008 and the management was not granted any Business Performance bonus. Also, a full hiring freeze as well as a strongly controlled use of external resources were announced.

In 2008, Fortis Bank was organised in four business-lines and several support functions. Each of the business-lines; Retail banking, Asset Management, Private banking and Merchant banking, comprise a portfolio of related activities targeting particular customer segments and operating according to common objectives and strategies.

All businesses of Fortis Bank have, in 2008, been largely impacted by the aborted integration project of the acquired ABN AMRO activities, absorbing significant resources and competences. This project ended abruptly at the beginning of October 2008 with the sale of Fortis Bank Nederland (Holding) (FBN(H)), including the acquired ABN AMRO activities.

Since Fortis Bank is managed as one integrated unit, the main evolutions and events related to its core activities and businesses, are described at a consolidated level in the section Core businesses of Fortis Bank, preceeding the Fortis Bank Consolidated Financial Statements.

Comments on the evolution of the Balance Sheet

Total assets on 31 December 2008 amounts to EUR 477 billion, a decrease of EUR 61 billion or 11 % compared with last financial year.

The **amounts receivable from credit institutions** tumble by EUR 74 billion or 52 %. At the end of 2008, the relative weight of interbank receivables represents 15 % of total assets against 27 % one year earlier.
The decline of the interbank activity results from the deterioration of the financial markets and the resulting general uncertainty, but also from the sale of the Dutch banking activities to the Dutch State, which were partly funded by Fortis Bank, as well as from the deliberate reduction of the risk weighted assets of Fortis Bank.

The **amounts receivable from customers** increase by EUR 7 billion or 4 %. They represent 35 % of total assets against 29 % at the end of 2007.
Abstraction made of the securitisation of a part of the mortgage loans (EUR 17 billion), the loans to customers, mainly reverse repurchase agreements and roll-overs, grow by EUR 24 billion.

The **bonds and other fixed-income securities** portfolio rises by EUR 7 billion or 7 %. This represents 25 % of total assets against 21 % at the end of 2007.
The increase is particularly due to the Dutch State Bonds received in exchange for the subordinated loans lent to Fortis Bank Nederland (Holding). However, we note a decrease of the trading portfolio.

The portfolio structured credit instruments of Fortis Bank is part of the bonds and other fixed-income securities portfolio. Fortis Bank considers that the part of the structured credit portfolio to be sold to a SPV according the Protocole d'Accord of 10 October 2008 (Portfolio OUT) between BNP Paribas, the Belgian State, SFPI/FPIM, Fortis, Fortis Bank and others, should not be derecognized as at 31 December 2008.

Consequently, the Portfolio Out has been measured and presented in a way consistent with previous year and with the measurement and presentation of the structured credit instruments remaining with Fortis Bank.

Fortis, Fortis Bank and the SFPI/FPIM agreed a fallback scenario, formalized in a share purchase agreement (SPA) on 10 October 2008, that would apply if the Protocole d'Accord with BNP Paribas was not implemented.

Additional actions and negotiations between the parties involved in the SPA would be necessary to enable the SPA to be put into effect, including selection by SFPI/FPIM of those asset items in the portfolio to be transferred to the SPV and conditions of the funding of the SPV. For those reasons, it is impossible for Fortis Bank to quantify the financial impact of the execution of the SPA until the clarifications and actions required by the parties involved in the SPA are provided and finalised.

It is not possible to quantify the final result on the sale of the Portfolio Out prior to the date of realisation due, among other factors, exchange rate fluctuations and redemptions prior to the realisation date.

The reduction in **corporate shares and other variable-income securities** by EUR 5 billion or 45 % is explained by the drop of the market value and also by the sale of shares.

The **financial fixed assets** decrease by EUR 35 billion. This decrease is mainly explained by the sale of the participation in Fortis Bank Nederland (Holding) to the Dutch State (EUR 19 billion), by the reimbursement of the Fortis Bank Nederland Holding's subordinated loans (EUR 7 billion), by the capital reduction of Fortis Finance Belgium (EUR 8 billion) and by the impairment on the Fortis SA/NV shares related to the CASHES operation (EUR 2 billion).

The **other assets** decrease by EUR 1 billion, amongst other due to the decrease of paid premiums on derivatives.

The increase of the **deferred charges and accrued income** by EUR 39 billion mainly concerns the accruals on derivatives, in relation with rising volumes on interest rate options and interest rate swaps, as well as with the interest rate volatility.

On the **liabilities** side, the **amounts payable to credit institutions** tumble by EUR 81 billion or 39 %. At the end of 2008, the relative weight of the interbank liabilities represents 26 % of total liabilities against 39 % one year earlier.
The decrease of the interbank liabilities relates to the deterioration of the financial markets and to the resulting general uncertainty, but also to the sale of the Dutch banking activities to the Dutch State, strongly reducing the funding needs of Fortis Bank.

The **amounts payable to clients** rise by EUR 5 billion or 3 %. They represent 38 % of total liabilities against 33 % end 2007. The increase mainly results from the repurchase agreements. Furthermore, the term deposits and the saving deposits decline compared to 2007.

The **amounts payable represented by a security** decrease by EUR 14 billion or 32 %.
The certificates of deposits go down by EUR 19 billion. On the other hand, the bond loans portfolio increases by EUR 4 billion and the saving certificates increase by EUR 1 billion.

The **other amounts payable** increase by EUR 2 billion, amongst other related to the increase of the received premiums on the derivatives.

As on the assets side, the increase of the **accrued charges and deferred income** by EUR 38 billion essentially concerns the accruals on derivatives, in relation with rising volumes on interest rate options and interest rate swaps, as well as with the interest rate volatility.

The **fund for general banking risks** remains unchanged, except a small increase due to an exchange difference in the Hong-Kong branch.

The **subordinated amounts payable** grow by EUR 4 billion or 22 % and are related to the strengthening of the regulatory own funds.

The **shareholders' equity** after appropriation decreases by EUR 14.5 billion. This decrease is mainly explained on the one hand by the evolution of the result carry forward (EUR 20.2 billion). On the other hand, the capital increases due to the Belgian State's intervention of EUR 4.7 billion, through its investment company SFPI / FPIM.

Comments on the evolution of the Income statement

The **result of the year**, before transfer from untaxed reserves, is a loss of EUR 20,224 million, compared to a loss of EUR 1,608 million in 2007.

The result of 2008 is negatively impacted by some exceptional events. On the one hand, the sale of the Dutch banking activities, including the acquired ABN AMRO activities, resulted in a loss and in a volume decrease of the interbank transactions and of the market activities as from the fourth quarter of 2008. On the other hand, the deterioration of the financial markets has brought on impairments in the structured credit, bond and equity portfolios. Their impacts are reported in the captions 'Loss on financial operations', 'Amounts written off on the amounts receivables', 'Amounts written off on the investment portfolio' and 'Extraordinary charges'.

The **interest margin** (captions I and II of the Income Statement) amounts to EUR 2,446 million, an increase by EUR 811 million compared with 2007.

The interest margin has considerably improved in the course of the fourth quarter of 2008 by virtue of the strong fall of the interest rates, easing the cost of funding for the market operations. This positive evolution of the interest margin is nevertheless partly compensated by an evolution in the opposite sense of the derivatives included in the result on financial transactions (caption VI).

Another favourable element in 2008 is the volume growth of the credits attributed (especially to companies), as well in Belgium as in the foreign branches.

The **income from variable-income securities** increases by EUR 86 million.
The income from participating interests in affiliated enterprises increases by EUR 98 million, mainly related to the dividends received from Fortis Bank Nederland, Fortis Finance Belgium and Fortis Bank Luxemburg (respectively EUR 337 million, EUR 315 million and EUR 52 million in 2008, against EUR 75 million, EUR 230 million and EUR 283 million in 2007).
The revenues of the other financial fixed assets decrease (EUR 12 million), as a consequence of sales during the year 2007.

The **commissions received** decrease by EUR 21 million or 2 %.
The commissions received for the issuing and placement of securities, on stock orders and on the management of investment funds decline, due to the unfavourable financial markets situation. The commissions on the sale of insurance products decrease as well. On the other hand, the commissions on guarantees, credit commitments and payment services increased, due to growth of these activities.

The **commissions paid** increase by EUR 147 million or 38 %.
The activities of the dealing room, centralised in Belgium, strongly increased in 2008, resulting in more retro-cessions to other entities of Fortis Bank in the form of commissions paid.
The commissions paid in the context of the liquidity needs of Fortis Bank increased as well in 2008.

The **profit from (loss on) financial operations** decreases by EUR 2,377 million.
The loss *on exchange transactions and trading in securities and other financial instruments* amounts to EUR 1,170 million in 2008. The operating results of the market activities are negative in 2008, affected by the continuing global financial crisis. Especially in the fourth quarter of 2008, losses have been acted on the interest rate derivatives due to the huge decrease of the interest rates. However, this negative evolution is partly mitigated by the favourable impact of this decrease of the interest rates on the interest margin (captions I and II).
The capital losses *on disposal of investment securities* amount to EUR 740 million in 2008, and are mainly related to the shares portfolios.

The **general administrative expenses** increase by EUR 112 million or 4 %.
The *remuneration, social charges and pensions* grow by EUR 45 million or 2 %.
In spite of the decrease of the workforce (2 % in Belgium) and the decrease of the compensations related to the result, the staff expenses rise due to salary increases (indexations and pay scale variations) and costs related to the internationalisation of the Fortis Bank activities.
The *other administrative expenses* increase by EUR 67 million or 6 %. The increase is due to the costs related to the integration of ABN AMRO and to transactions related to the safe-guarding of the continuity of Fortis Bank. In general, the costs were under control, reflecting the cost containment measures put in place.

The increase of EUR 24 million or 14 % in **depreciations and amounts written off on formation expenses, intangible and tangible fixed assets** is mainly due to the depreciations on IT equipment and on buildings.

The **amounts written off on the amounts receivables** and **on the investment portfolio** (captions IX + X) amount to EUR 6.798 million in 2008 against EUR 2,708 million in 2007. The impairments in 2008 concern mainly the structured credits portfolio and the investment portfolio (such as investments related to the Icelandic banks). The year 2007 was especially influenced by impairments on the structured credits portfolio.

The **(uses and write-backs of) provisions for risks and charges** (captions XI en XII) represent a cost of EUR 61 million in 2008 and EUR 12 million in 2007.

The increase of **other operating income** by EUR 160 million is mainly related to the re-invoicing of costs to Fortis Bank Nederland, in particular in the context of ABN AMRO.

The **other operating charges** decrease by EUR 41 million or 17 %, mainly related to the loss in 2007 on the subordinated loan granted by the Cologne branch to its Von Essen Bank subsidiary.

The **extraordinary income** decreases by EUR 291 million. In 2007 were financial fixed assets considered as not strategic, realised with a capital gain.

The **extraordinary charges** amount to EUR 12,746 million in 2008 against EUR 41 million in 2007. The realised loss in 2008 on the sale of the participation in Fortis Bank Nederland (Holding) amounts to EUR 6,491 million. Impairments on financial assets are in 2008 related to amounts written off on participations especially for the activities of Asset Management (EUR 3,709 million) and on Fortis shares acquired in the context of the CASHES operation (EUR 2,233 million). The impairments on intangible and tangible fixed assets amounts to EUR 58 million in 2008 and the provisions for early departures to EUR 155 millions.

The **income taxes** of the financial year are positive to the amount of EUR 34 million (captions XIXbis and XX), in comparison with a negative amount of EUR 68 million last year. The taxation level is influenced by the specific fiscal treatment of the results on participations and shares, as well as by regularisations of previous years tax declarations.

The 22 **foreign branches** situated in Athens, Bucharest, Budapest, Cologne, Copenhagen, Guangzhou, Hong Kong, Lisbon, London, Madrid, Milan, New York, Paris, Prague, Shanghai, Singapore, Stockholm, Sydney, Taipei, Tokyo, Vienna and Zurich, together record a loss of EUR 915 million in 2008, against EUR 2,578 million in 2007, mainly due to impairments on the structured credit portfolios.

Taking into account the transfer from untaxed reserves, the **loss for the year for appropriation** amounts to EUR 20,222 million.

Statement of the Board of Directors

The Board of Directors of Fortis Bank is responsible for preparing the Fortis Bank Consolidated Financial Statements as at 31 December 2008 in accordance with International Financial Reporting Standards as adopted by the European Union and the Fortis Bank Financial Statements as at 31 December 2008 in accordance with rules laid down in the (Belgian) Royal Decree of 23 September 1992 on the annual accounts of credit institutions.

The Board of Directors reviewed the Fortis Bank Consolidated and Non-consolidated Financial Statements on 9 April 2009 and authorised their issue.

The Board of Directors of Fortis Bank declares that, to the best of its knowledge, the Fortis Bank Consolidated Financial Statements and the Fortis Bank Financial Statements (non-consolidated), give a true and fair view of the assets, liabilities, financial position and profit or loss of Fortis Bank and that the information contained herein has no omissions likely to modify significantly the scope of any statements made.

The transactions leading to the sale of the banking business of Fortis to the Belgian, Dutch and Luxembourg states at the end of September and beginning of October 2008 and the separation process with Fortis Bank Nederland (Holding) resulted in a number of uncertainties, that have led to determine a number of assumptions and estimates in the context of the Consolidated and Non-consolidated Financial Statements of Fortis Bank at 31 December 2008. The Board acknowledges that in the fourth quarter the internal control environment has been under pressure due to the Fortis Bank reconfiguration process and the severe deterioration of the market conditions. This difficult environment did globally not influence the reliability of the figures as a result of the increased vigilance and the actions undertaken by management.

While preparing the 2008 financial statements, Fortis Bank management, the Fortis Bank Audit Committee and the Fortis Bank Board of Directors, made an assessment of the entity's ability to continue as a going concern, taking into account all possible information about the foreseeable future. Considering a wide range of factors relating to the current and expected profitability, based on a business plan reflecting severe but not extreme economic and financial conditions, the impact thereof on the evolution of the liquidity and the solvency position of Fortis Bank and taking into account the expected support from shareholders, the Board of Directors has concluded that the 2008 financial statements could be prepared on a going concern basis and consequently are presented on that basis. It should however be noted that any forward-looking statements are based on the company's current views and assumptions and involve a degree of risk and uncertainty, in particular given the current general economic and market conditions, so that actual results or performance may materially differ from those expressed in such statements**.**

The Fortis Bank Consolidated Financial Statements and the Fortis Bank Financial Statements as at 31 December 2008, will be submitted to the Annual General Meeting of Shareholders for approval on 5 May 2009.

Brussels, 9 April 2009

The Board of Directors of Fortis Bank

Composition of the Board and Corporate Governance

The Composition of the Board of Directors in 2008 was as follows:

Name	Function
VERWILST Herman	Chairman Board of Directors
DIERCKX Filip	Chairman Executive Board
BOONE Brigitte	Executive Director, Member of the Executive Board
BOS Fred	Executive Director, Member of the Executive Board (until 22.10.2008)
DEBOECK Michel	Executive Director, Member of the Executive Board
FOHL Camille	Executive Director, Member of the Executive Board
KLOOSTERMAN Lex	Executive Director, Member of the Executive Board (until 29.10.2008)
MACHENIL Lars	Executive Director, Member of the Executive Board
MOSTREY Lieve	Executive Director, Member of the Executive Board
SCHARFE Robert	Executive Director, Member of the Executive Board (until 22.10.2008)
van LANSCHOT Frans	Executive Director, Member of the Executive Board (until 22.10.2008)
VANDEKERCKHOVE Peter	Executive Director, Member of the Executive Board
VOGELZANG Chris	Executive Director, Member of the Executive Board (until 22.10.2008)
BECKERS Lode	Director[1]
CLIJSTERS Jos	Director
DE BOECK Karel	Director (until 15.12.2008)
DE MEY Joseph	Director
DESCHÊNES Alain	Director
FEILZER Joop	Director
MEYER Jean	Director
MITTLER Gilbert	Director (until 17.11.2008)
STEPHENNE Jean	Director[1]
van HARTEN Peer	Director
van OORDT Robert	Director[1]
VANSTEENKISTE Luc	Director[1]

The Board of Directors held 22 meetings in 2008. The Audit Committee held 10 meetings in 2008.

The Board of Directors of Fortis Bank has changed its composition on 27 January 2009, so as to reflect its new ownership structure and strengthen its governance.

On that day, the Board of Directors took notice of the resignation of the following directors appointed by the previous shareholder: Herman Verwilst, Jos Clijsters, Jozef De Mey, Alain Deschênes, Jean Meyer and Peer van Harten.

The following directors representing the Belgian State were subsequently appointed by cooptation: Emiel Van Broekhoven (Chairman of the Board of Directors), Wim Coumans, Jean-Paul Pruvot, and Serge Wibaut.

The as such newly composed Board of Directors decided to reaffirm the mission of the Audit Committee and its Chairmanship by Robert van Oordt.

Furthermore, a Governance, Remuneration and Nomination Committee as well as a Risk & Finance Committee were created.

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[1] complies with the independence requirements as laid down in article 526ter of the Companies Code

The Fortis Bank Board of Directors, which is responsible for defining the general policy and supervising the activities of the Executive Board, is now made up of 16 directors of which 4 non-executive directors appointed by the Belgian State, 5 independent directors and 7 executive directors.

The composition of the Board of Directors is now as follows:

VAN BROEKHOVEN Emiel	Chairman of the Board of Directors. Non-Executive Director representing the Belgian state. Member of the Board of Directors since 27.01.2009. Board Member mandate expires on the next Annual General Shareholders' Meeting.
COUMANS Wim	Non-Executive Director representing the Belgian state. Member of the Board of Directors since 27.01.2009. Board Member mandate expires on the next Annual General Shareholders' Meeting.
PRUVOT Jean-Paul	Non-Executive Director representing the Belgian state. Member of the Board of Directors since 27.01.2009. Board Member mandate expires on the next Annual General Shareholders' Meeting.
WIBAUT Serge	Non-Executive Director representing the Belgian state. Member of the Board of Directors since 27.01.2009. Board Member mandate expires on the next Annual General Shareholders' Meeting.
BECKERS Lode	Independent Non-Executive Director. Member of the Audit Committee. Member of the Board of Directors since 01.01.2006. Board Member mandate expires on next Annual General Shareholders' Meeting.
FEILZER Joop	Independent Non-Executive Director. Member of the Audit Committee. Member of the Board of Directors since 27.04.2007. Board Member mandate expires on 26.04.2010.
STEPHENNE Jean	Independent Non-Executive Director. Member of the Board of Directors since 26.04.2001. Board Member mandate expires on 26.04.2010.
van OORDT Robert	Independent Non-Executive Director. Chairman of the Audit Committee. Member of the Board of Directors since 26.04.2001. Board Member mandate expires on 26.04.2010.
VANSTEENKISTE Luc	Independent Non-Executive Director. Member of the Audit Committee. Member of the Board of Directors since 26.04.2001. Board Member mandate expires on 26.04.2010.
DIERCKX Filip	Executive Director. Chairman of the Executive Board. Member of the Board of Directors since 28.10.1998. Board Member mandate expires on 26.04.2010

MACHENIL Lars	Executive Director. Member of the Board of Directors and Executive Board since 01.01.2008. Board Member mandate expires on 23.04.2011.
FOHL Camille	Executive Director. Member of the Board of Directors and Executive Board since 01.01.2008. Board Member mandate expires on 23.04.2011.
MOSTREY Lieve	Executive Director. Member of the Board of Directors and Executive Board since 01.01.2008. Board Member mandate expires on 23.04.2011.
BOONE Brigitte	Executive Director. Member of the Board of Directors and Executive Board since 01.01.2008. Board Member mandate expires on 23.04.2011.
VANDEKERCKHOVE Peter	Executive Director. Member of the Board of Directors and Executive Board since 01.01.2008. Board Member mandate expires on 23.04.2011.
DEBOECK Michel	Executive Director. Member of the Board of Directors and Executive Board since 01.01.2008. Board Member mandate expires on 23.04.2011.

Information regarding the total remuneration for 2008, including benefits in kind and pension costs, of current and former executive and non executive members of the Board of Directors, paid and payable by Fortis Bank are to be found in Note 10 "Remuneration of the Board of Directors" of the Fortis Bank Consolidated Financial Statements.

College of accredited statutory auditors

Klynveld Peat Marwick Goerdeler (KPMG) Réviseurs d'Entreprises sccrl,
Represented by Mr Olivier MACQ

PricewaterhouseCoopers Réviseurs d'Entreprises sccrl,
Represented by Mr Luc DISCRY

Proposed appropriation of the result for the accounting period

Loss for the year for appropriation	EUR	(20,221.7)	million
Profit brought forward from the previous year	EUR	1,489.3	million
Loss to be appropriated	EUR	(18,732.4)	million
Loss to be carried forward	EUR	(18,732.4)	million

In accordance with the aforementioned appropriation of the result for the financial year 2008, the Board of Directors of Fortis Bank will request the approval of the General Meeting of Shareholders not to distribute a dividend.

In 1999, Fortis Capital Company Limited, a subsidiary of Fortis Bank Nederland, issued non-cumulative preference shares for a total amount of EUR 650 million, guaranteed by Fortis Bank, Fortis SA/NV and Fortis NV. A tranche of EUR 200 million was redeemed during 2004. The Board of Directors of Fortis Bank has given the following undertaking to the Belgian Banking, Finance and Insurance Commission in this respect: not to pay a dividend unless the available reserves are sufficient to meet all liabilities arising from the aforementioned issue of non-cumulative preference shares, to set out this undertaking in the annual report of Fortis Bank and to consult the Banking, Finance and Insurance Commission prior to proposing any dividend payment, so as to demonstrate that the available reserves are sufficient and that the capital adequacy ratio calculated on the narrowly defined capital and reserves of Fortis Bank amounts to the compulsory minimum of 5%.

As part of its pursuit of cheaper capital, Fortis Bank issued innovative financial debt instruments ('Redeemable Perpetual Cumulative Coupon Debt Securities') on the international market on 26 September 2001 for a total amount of EUR 1 billion. The purpose of the issue was to bolster Fortis Bank's solvency in a proactive manner and hence to support the further development of banking operations, in terms of corporate and consumer credit provision and of marketing operations. The move also anticipates new solvency regulations, including coverage of additional risk categories such as operating risk. Since these securities are, by their nature, highly subordinated liabilities, the Banking, Finance and Insurance Commission has agreed to rate them as equal to tier one capital. A number of conditions have to be met to this end, including the possibility of converting the securities into Fortis Bank profit-sharing instruments under certain circumstances. To allow profit-sharing instruments to be issued on submission of these securities, the Extraordinary Meeting of Shareholders of 23 November 2001 added Article 5bis to the articles of association. The authorised capital was also adjusted to enable the Board of Directors, amongst other things, to pay the interest on the securities by issuing new Fortis Bank shares, if that should prove necessary. Article 5bis of the articles of association further lists the circumstances in which profit-sharing instruments of this kind may be issued, the characteristics of those instruments, the dividend restrictions applying to them and various other provisions. The Board of Directors has also undertaken to abide by the following regulatory limits: if actually issued, the profit-sharing instruments, together with other innovative capital instruments issued by Fortis Bank that qualify as tier one, will not amount to more than 15% of Fortis Bank's tier one capital and if actually used, the profit-sharing instruments, together with other similar instruments or shares without voting rights issued by Fortis Bank, will not amount to more than one third of Fortis Bank's authorised capital, including issue premiums.

On 27 October 2004, Fortis Bank issued Directly Issued Perpetual Securities to the value of EUR 1 billion with a goal and characteristics that are broadly comparable with the Redeemable Perpetual Cumulative Coupon Debt Securities dating from 2001. The regulatory limits described above also apply for this issue. In order to facilitate the issue of Directly Issued Perpetual Securities, the Articles of Association were amended at an Extraordinary General Meeting of Shareholders on 28 April 2005. A new Article 5ter was added, which defines in detail the circumstances under which profit-sharing instruments will be issued, their characteristics, the associated dividend restrictions and various other provisions.

On 19 December 2007, Fortis Bank issued the Convertible And Subordinated Hybrid Equity-linked Securities (CASHES) with a nominal value of EUR 3 billion and a denomination of EUR 250,000 each, as part of the plan to finance the acquisition of certain ABN AMRO assets. The coupons on the securities are payable quarterly at a variable rate per annum of 3 month Euribor + 2.0%. For regulatory purposes, the CASHES securities are treated as part of Tier 1 capital. The coupons of the CASHES securities constitute direct and subordinated obligations of each of Fortis Bank sa-nv, Fortis SA/NV and Fortis N.V. as Co-obligors. The coupons of CASHES are subordinated to all other loans, subordinated loans and preference shares, but rank senior to ordinary shares. The principal amount of the securities will not be repaid in cash. The sole recourse of the note holders of the CASHES securities against any of the co-obligors with respect to the principal amount is equal to 125,313,283 shares that Fortis Bank has pledged in favour of the CASHES holders. Those shares have no dividend entitlement or voting rights until the exchange. The CASHES securities have no maturity date, but may be exchanged into Fortis shares at a price of EUR 23.94 per share at the discretion of the holder. From 19 December 2014, the bonds will be automatically exchanged into Fortis shares if the price of the Fortis share is equal to or higher than EUR 35.91 on twenty successive trading days.

On 20 December 2007, Fortis Bank issued a subordinated loan in a principal amount of Euro 1.75 billion qualified as Upper Tier 2 capital for its regulatory capital purposes. The transaction, which was fully underwritten by Fortis Brussels was meant to improve the solvency ratio and to address the temporary shortage of regulatory capital before transfer of the capital instruments from ABN AMRO. The transaction has a perpetual maturity with an option for the borrower to repay the loan in whole or in part, after five years.

Auditors: special assignments

The Council of Accredited Auditors and the companies with which it has a professional relationship undertook a number of supplementary, special tasks in 2008. These mainly involved audit assignments at subsidiary banks, the performance of limited reviews, the audit of IFRS consolidation documents for the Fortis Bank consolidation, assistance in relation to the acquisition of new participating interests and various consultancy assignments.

The Council of Accredited Auditors' fees for these assignments reached EUR 3,580,585 in 2008.

The audit fees paid to the Fortis Bank statutory auditors are disclosed in note 11 of the Fortis Bank Consolidated Financial Statements.

Article 523 of company code

Indemnification of directors - Conflict of interest

On 21 January 2009, a meeting of the board of directors of the company was held to consider a proposal that the liability incurred by its directors should be indemnified by the company in certain instances. Below is the text of the deliberations and resolutions on this proposal, as recorded in the minutes of this meeting.

1. Following up on the discussion that took place during the Board meetings of 3 and 12 December 2008, the Chairman explained that the company should consider granting an indemnity to all its currently serving directors to protect them from the liability that they may incur as directors of the company. While the liability incurred by directors of major companies has become increasingly important, the insurance market does not allow covering the risk of directors' liability in a satisfactory way and at an affordable price. The Chairman furthermore underlined the exceptional circumstances under which the directors had to discharge their duties since end of September 2008 and the fact that for the foreseeable future, directors will need to continue doing so under uncertain circumstances. In order to allow the company to provide the level of comfort that any director may expect in performing his/her directorship, thereby assuring that the company will be able to continue relying on and benefiting from the contribution by directors of the highest calibre, the Chairman proposed that the company undertakes to indemnify all its directors in all instances where they acted in good faith and in a manner they believed to be in the best interest of the company, except where the liability of a director would arise out of a fraud or wilful misconduct or where such liability would be covered by an insurance policy (whether or not subscribed by the company) benefiting to such director.

   The Chairman stresses that the Société Fédérale de Participation et d'Investissement/Federale Participatie –en Investeringsmaatschappij SA/NV (SFPI/FPIM) has been fully informed of this hold harmless provision and does not object to it, taking into account all circumstances, as appears from its letter of January 19, 2009.

2. The Chairman enacted that, in compliance with article 523 of the Company Code, prior to any deliberation, each director present or represented at this meeting has informed the other directors and the auditors of the company that he/she has to be considered as having an interest conflicting with the decisions to be taken by the Board in connection with this item of the agenda given that he/she would benefit personally from the indemnity described above.

3. The Chairman suggested that, for the purpose of article 523 of the Company Code, the Board would first approve the indemnity in respect of the Non-Executive Directors (Messrs. H. Verwilst, L. Beckers, J. Clijsters, J. De Mey, A. Deschênes, J. Feilzer, J. Meyer, J. Stéphenne, P. van Harten, R. van Oordt, L. Vansteenkiste), and then in respect of the Executive Directors (Messrs. F. Dierckx, M. Deboeck, C. Fohl, L. Machenil, P. Vandekerckhove, Mrs. B. Boone, Mrs. L. Mostrey). This suggestion was approved unanimously by the Board.

4. The Non-Executive Directors left the meeting room and did not participate in the deliberation and the resolution of the Board recorded in paragraphs 5 and 6 below.

5. The Executive Directors acknowledged that the indemnity described above would be in line with market practices in Belgium considering the specificities of the company. Indeed, some directors were of the opinion that such indemnity already existed. This indemnity would be in the best interest of the company since the company needs to be able to attract and maintain directors and to benefit from their valuable contribution, notwithstanding the fact that the insurance cover benefiting the directors has almost halved. It is furthermore expected that after the closing of the BNPP transaction (if any), the directors would benefit from a similar indemnity. Not granting such indemnity to current directors would be a difference in treatment that cannot be justified and that would make it very difficult to attract and maintain directors going forward. The directors participating in the deliberation further acknowledged that there should be no financial consequences for the company arising from this indemnity other than those resulting from any payment made by the company thereunder.

6. The Executive Directors then proceeded with the deliberation in accordance with article 18, 6th paragraph of the articles of association of the company. These directors discussed the indemnification undertaking and unanimously decided that the company shall indemnify and shall hold harmless the currently serving Non-Executive Directors of the Company, to the fullest extent permitted by applicable law, against or from all liabilities, expenses, damages or other amounts reasonably incurred or borne by them in connection with any proceeding or claim brought by a third party (including, without limitation, a shareholder of the company acting for his own account) against them as a director of the company in respect of any decision, action or omission which was made or occurred (or which is claimed to have been made or to have occurred) before, on or after the date of this meeting, provided however that: (a) such director acted in good faith and in a manner he/she believed to be in the best interest of the company; and (b) this indemnification undertaking shall not be applicable (i) in respect of liabilities, expenses, damages or other amounts arising out of a fraud or wilful misconduct of a director; nor (ii) if, and to the extent that, any such liabilities, expenses, damages or other amounts are covered by an insurance policy (whether or not subscribed by the company) benefiting the relevant director.

7. Immediately after the deliberation and the resolution recorded in paragraphs 5 and 6 above, the Non-Executive Directors were invited back into the meeting room and participated in the deliberation and the resolution of the Board recorded in paragraphs 8 and 9 below, while the Executive Directors left the meeting room and did not participate in such deliberation and resolution.

8. The Non-Executive Directors exchanged views on the indemnity describe above and acknowledged circumstances similar to those set out in paragraph 5 above.

9. The Non-Executive Directors then also proceeded with the deliberation in accordance with article 18, 6th paragraph of the articles of association of the company. These directors discussed the indemnification undertaking and unanimously decided that the company shall indemnify and shall hold harmless the currently serving Executive Directors of the Company, to the fullest extent permitted by applicable law, against or from all liabilities, expenses, damages or other amounts reasonably incurred or borne by them in connection with any proceeding or claim brought by a third party (including, without limitation, a shareholder of the company acting for his own account) against them as a director of the company in respect of any decision, action or omission which was made or occurred (or which is claimed to have been made or to have occurred) before, on or after the date of this meeting, provided however that: (a) such director acted in good faith and in a manner he/she believed to be in the best interest of the company; and (b) this indemnification undertaking shall not be applicable (i) in respect of liabilities, expenses, damages or other amounts arising out of a fraud or wilful misconduct of a director; nor (ii) if, and to the extent that, any such liabilities, expenses, damages or other amounts are covered by an insurance policy (whether or not subscribed by the company) benefiting the relevant director.

10. The Executive Directors were invited back into the meeting room after the deliberation and the resolution set out in paragraphs 8 and 9 above.
SFPI/FPIM notes that a hold harmless provision has been decided upon and invites management to further examine possibilities to secure adequate insurance coverage for directors.

Fortis Bank Financial Statements 2008 (non-consolidated)

Balance sheet after appropriation

2. V.A.T. BE 403.199.702

(in thousands EUR)		Codes	Financial year 05	Previous financial year 10
1.	**Balance sheet after appropriation**			
ASSETS				
I.	**Cash, balances with central banks and giro offices**	101.000	**606,929**	**696,086**
II.	**Government securities eligible for refinancing at the central bank**	102.000	**1,059,768**	**614,928**
III.	**Amounts receivable from credit institutions**	103.000	**69,255,477**	**143,547,738**
	A. At sight	103.100	18,408,090	6,832,737
	B. Other amounts receivable (at fixed term or period of notice)	103.200	50,847,387	136,715,001
IV.	**Amounts receivable from customers**	104.000	**164,907,852**	**157,946,104**
V.	**Bonds and other fixed-income securities**	105.000	**121,630,941**	**114,133,543**
	A. Of public issuers	105.100	54,396,395	48,595,229
	B. Of other issuers	105.200	67,234,546	65,538,314
VI.	**Corporate shares and other variable-income securities**	106.000	**5,892,115**	**10,667,806**
VII.	**Financial fixed assets**	107.000	**11,840,675**	**46,715,707**
	A. Participating interests in affiliated enterprises	107.100	11,434,727	37,170,792
	B. Participating interests in other enterprises linked by participating interests	107.200	81,141	2,497,701
	C. Other company shares constituting financial fixed assets	107.300	132,236	15,643
	D. Subordinated claims on affiliated enterprises and on other enterprises linked by participating interests	107.400	192,571	7,031,571
VIII.	**Formation expenses and intangible fixed assets**	108.000	**49,287**	**79,862**
IX.	**Tangible fixed assets**	109.000	**972,937**	**1,008,084**
X.	**Own shares**	110.000	**0**	**0**
XI.	**Other assets**	111.000	**10,494,687**	**11,465,553**
XII.	**Deferred charges and accrued income**	112.000	**90,303,973**	**50,815,171**
TOTAL ASSETS		**199.000**	**477,014,641**	**537,690,582**

3. V.A.T. BE 403.199.702

(in thousands EUR)

		Codes	*Financial year* 05	*Previous financial year* 10
LIABILITIES				
I.	**Amounts payable to credit institutions**	201.000	**126,230,362**	**207,559,371**
	A. At sight	201.100	17,905,979	35,569,523
	B. Resulting from refinancing by rediscounting of trade bills	201.200	0	0
	C. Other amounts payable (at fixed term or period of notice)	201.300	108,324,383	171,989,848
II.	**Amounts payable to clients**	202.000	**181,738,070**	**176,795,830**
	A. Savings deposits	202.100	33,364,839	40,002,914
	B. Other amounts payable	202.200	148,373,231	136,792,916
	1. at sight	*202.201*	*41,727,923*	*41,895,609*
	2. at fixed term or period of notice	*202.202*	*106,645,308*	*94,897,307*
	3. resulting from refinancing by rediscounting of trade bills	*202.203*	*0*	*0*
III.	**Amounts payable represented by a security**	203.000	**28,993,695**	**42,812,280**
	A. Bills and bonds in circulation	203.100	22,699,981	17,373,712
	B. Other	203.200	6,293,714	25,438,568
IV.	**Other amounts payable**	204.000	**15,718,977**	**13,894,896**
V.	**Accrued charges and deferred income**	205.000	**86,911,750**	**48,775,261**
VI.	**A. Provisions for risks and charges**	206.100	**499,516**	**658,263**
	1. Pensions and similar obligations	*206.101*	*1,049*	*1,273*
	2. Fiscal charges	*206.102*	*17,530*	*18,910*
	3. Other risks and charges	*206.103*	*480,937*	*638,080*
	B. Deferred taxes	206.200	**1,212**	**2,307**
VII.	**Fund for general banking risks**	207.000	**872,103**	**872,078**
VIII.	**Subordinated amounts payable**	208.000	**23,267,634**	**19,024,046**
	SHAREHOLDERS' EQUITY	290.000	**12,781,322**	**27,296,250**
IX.	**Capital**	209.000	**9,374,878**	**4,693,552**
	A. Subscribed capital	209.100	9,374,878	4,693,552
	B. Uncalled capital (-)	209.200	0	0
X.	**Share premiums**	210.000	**20,276,054**	**20,257,380**
XI.	**Revaluation surpluses**	211.000	**1,008,723**	**0**
XII.	**Reserves**	212.000	**854,076**	**855,987**
	A. Statutory reserve	212.100	311,184	311,184
	B. Unavailable reserves	212.200	36,987	36,987
	1. for own shares	*212.201*	*0*	*0*
	2. miscellaneous	*212.202*	*36,987*	*36,987*
	C. Untaxed reserves	212.300	*153,528*	155,830
	D. Available reserves	212.400	*352,377*	351,986
XIII.	**Profit brought forward (loss brought forward(-))**	213.000	**(18,732,409)**	**1,489,331**
TOTAL LIABILITIES		299.000	**477,014,641**	**537,690,582**

4. V.A.T. BE 403.199.702

(in thousands EUR)

		Codes	Financial year 05	Previous financial year 10
OFF-BALANCE SHEET ITEMS				
I.	**Contingent liabilities**	301.000	**52,523,535**	**58,597,131**
	A. Unnegotiated acceptances	301.100	157,996	410,011
	B. Guarantees in the nature of credit subsitutes	301.200	8,208,205	4,175,411
	C. Other guarantees	301.300	38,344,248	47,454,738
	D. Documentary credits	301.400	5,812,947	6,556,840
	E. Assets pledged by secured guarantees on behalf of third parties	301.500	139	131
II.	**Verplichtingen met een potentieel kredietrisico**	302.000	**86,200,592**	**101,179,583**
	A. Firm commitments to make funds available	302.100	4,395,215	8,603,827
	B. Commitments in respect of spot purchases of transferable securities or other assets	302.200	391,577	1,471,092
	C. Available margin under confirmed credit lines	302.300	81,413,800	91,104,372
	D. Commitments to underwrite and place securities	302.400	0	292
	E. Repurchase commitments resulting from imperfect repurchase agreements	302.500	0	0
III.	**Assets entrusted to the credit institution**	303.000	**136,796,802**	**133,342,609**
	A. Held on an organized trusteeship basis	303.100	0	0
	B. Safe custody deposits and similar arrangements	303.200	136,796,802	133,342,609
IV.	**Amounts to be paid up on corporate shares**	304.000	**794,763**	**561,901**

Income statement

5. V.A.T. BE 403.199.702

(in thousands EUR)		Codes	Financial year 05	Previous financial year 10
2.	**INCOME STATEMENT** *(vertical presentation)*			
I.	**Interest and similar income**	401.000	**20,427,184**	**19,122,063**
	of which : from fixed-income securities	401.001	5,586,341	5,051,630
II.	**Interest and similar charges (-)**	502.000	**(17,981,353)**	**(17,486,863)**
III.	**Income from variable-income securities**	403.000	**1,102,888**	**1,016,520**
	A. Corporate shares and units and other variable-income securities	403.100	148,755	150,409
	B. Participating interests in affiliated enterprises	403.200	939,989	841,702
	C. Participating interests in other enterprises linked by participating interests	403.300	8,915	7,565
	D. Other corporate shares and units constituting financial fixed assets	403.400	5,229	16,844
IV.	**Commission received**	404.000	**1,326,928**	**1,347,797**
V.	**Commission paid (-)**	505.000	**(533,039)**	**(386,220)**
VI.	**Profit from (loss on(-)) financial operations**	506.000	**(1,909,446)**	**467,287**
	A. Exchange transactions and trading in securities and other financial instruments	506.100	(1,169,558)	277,139
	B. Disposal of investment securities	506.200	(739,888)	190,148
VII.	**General administrative expenses (-)**	507.000	**(3,247,164)**	**(3,135,312)**
	A. Remuneration, social charges and pensions	507.100	(2,039,122)	(1,994,351)
	B. Other administrative expenses	507.200	(1,208,042)	(1,140,961)
VIII.	**Depreciation of and amounts written off (-)on formation expenses, intangible and tangible fixed assets**	508.000	**(196,099)**	**(172,314)**
IX.	**Write-back of amounts written off (Amounts written off(-)) on amounts receivable and write-back of provisions (provisions(-)) for the headings "I. Contingent liabilities" and "II. Liabilities which may give rise to a credit risk" in the off-balance sheet section**	509.000	**(2,421,769)**	**(263,152)**
X.	**Write-back of amounts written off (Amounts written off(-)) on the investment portfolio of bonds, shares and other fixed-income or variable-income securities**	510.000	**(4,375,797)**	**(2,444,691)**
XI.	**Uses and write-back of provisions for risks and charges other than those referred to by headings "I. Contingent liabilities" and "II. Liabilities which may give rise to a credit risk" in the off-balance sheet section**	411.000	**33,343**	**20,229**
XII.	**Provisions for risks and charges other than those covered by the headings "I. Contingent liabilities" and "II. Liabilities which may give rise to a credit risk" in the off-balance sheet section (-)**	512.000	**(94,576)**	**(32,464)**
XIII.	**Transfers from (Appropriation to(-)) the fund for general banking risks**	513.000	**0**	**0**
XIV.	**Other operating income**	414.000	**400,119**	**240,103**
XV.	**Other operating charges (-)**	515.000	**(202,151)**	**(243,170)**
XVI.	**Current profit (Current loss(-)) before taxes**	416.000	**(7,670,932)**	**(1,950,187)**

6. V.A.T. BE 403.199.702

(in thousands EUR)		Codes	Financial year 05	Previous financial year 10
2.	**INCOME STATEMENT** *(vertical presentation)*			
XVII.	**Extraordinary income**	417.000	**160,156**	**450,894**
	A. Write-back of depreciation and amounts written off on intangible and tangible fixed assets	417.100	0	0
	B. Write-back of amounts written off on financial fixed assets	417.200	0	7,472
	C. Write-back of provisions for exceptional risks and charges	417.300	0	7,605
	D. Capital gains on disposal of fixed assets	417.400	155,465	424,766
	E. Other extraordinary income	417.500	4,691	11,051
XVIII.	**Extraordinary charges (-)**	518.000	**(12,746,483)**	**(40,518)**
	A. Extraordinary depreciation on and amounts written off on formation expenses, intangible and tangible fixed assets	518.100	(57,888)	0
	B. Amounts written off on financial fixed assets	518.200	(5,985,147)	(14,398)
	C. Provisions for extraordinary risks and charges	518.300	(155,173)	(7,212)
	D. Capital losses on disposal of fixed assets	518.400	(6,524,243)	(2,862)
	E. Other extraordinary charges	518.500	(24,032)	(16,046)
XIX.	**Profit (Loss(-)) for the year before taxes**	419.000	**(20,257,259)**	**(1,539,811)**
XIX bis.	**A. Transfers to deferred taxes (-)**	519.100	**0**	**0**
	B. Transfers from deferred taxes	419.200	**1,094**	**1,324**
XX.	**Income taxes**	520.000	**32,513**	**(69,717)**
	A. Taxes (-)	520.100	(47,354)	(104,013)
	B. Adjustment of income taxes and write-back of tax provisions	420.200	79,867	34,296
XXI.	**Profit (Loss(-)) for the year**	421.000	**(20,223,652)**	**(1,608,204)**
XXII.	**Transfers to untaxed reserves (-)**	522.000	**0**	**0**
	Transfers from untaxed reserves	422.000	**1,912**	**2,382**
XXIII.	**Profit (Loss(-)) for the year available for appropriation**	423.000	**(20,221,740)**	**(1,605,822)**

7. V.A.T. BE 403.199.702

(in thousands EUR)

APPROPRIATION ACCOUNT

		Codes	Financial year 05	Previous financial year 10
A.	**Profit (Loss(-)) to be appropriated**	600.100	**(18,732,409)**	**1,489,656**
	1. Profit (Loss(-)) for the financial year available for appropriation	600.101	(20,221,740)	(1,605,822)
	2. Profit (Loss(-)) brought forward from the previous financial year	600.102	1,489,331	3,095,478
B.	**Transfers from capital and reserves**	600.200	**0**	**0**
	1. from capital and share premium account	600.201	0	0
	2. from reserves	600.202	0	0
C.	**Appropriations to capital and reserves (-)**	600.300	**(0)**	**(0)**
	1. to capital and share premium account	600.301	0	0
	2. to statutory reserve	600.302	0	0
	3. to other reserves	600.303	0	0
D.	**Result to be carried forward**	600.400	**18,732,409**	**(1,489,331)**
	1. Profit to be carried forward (-)	600.401	0	(1,489,331)
	2. Loss to be carried forward	600.402	18,732,409	0
E.	**Shareholders' contribution in respect of losses**	600.500	**0**	**0**
F.	**Distribution of profit (-)**	600.600	**(0)**	**(325)**
	1. Dividends (a)	600.601	0	0
	2. Directors (a)	600.602	0	**(325)**
	3. Other allocations (a)	600.603	0	0

(a) Only in limited liability companies governed by Belgian law

Notes on the accounts

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(in thousands EUR)

3. NOTES ON THE ACCOUNTS

	Codes	Financial year 05	Previous financial year 10
I. STATEMENT OF AMOUNTS RECEIVABLE FROM CREDIT INSTITUTIONS			
(heading III of the Assets)			
A. For the heading as a whole :			
1. • amounts receivable from affiliated enterprises	010	9,813,003	41,959,275
• amounts receivable from other enterprises linked	020	0	22
2. by participating interests	030	0	0
B. Other amounts receivable from on credit institutions (term or period of notice)			
(heading III B. of the Assets)			
1. Bills eligible for refinancing at the central bank of the country or countries of establishment of the credit institution	040	3,916,208	2,164,321
2. Breakdown of these amounts receivable by residual period to maturity :			
• up to three months	050	39,651,017	
• over three months and up to one year	060	3,404,555	
• over one year and up to five years	070	4,509,587	
• over five years	080	2,766,258	
• indeterminate period	090	515,970	

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(in thousands EUR)	Codes	*Financial year* 05	*Previous financial year* 10
II. STATEMENT OF AMOUNTS RECEIVABLE FROM CUSTOMERS			
(heading IV of the assets)			
1. Amounts receivable			
• from affiliated enterprises	010	17,730,536	19,471,226
• from other enterprises linked by participating interests	020	49,500	49,500
2. Subordinated amounts receivable	030	0	28,808
3. Bills eligible for refinancing at the central bank of the country or countries where the credit institution is established	040	942,045	925,568
4. Breakdown of amounts receivable by residual period to maturity :			
• up to three months	050	64,950,693	
• over three months and up to one year	060	25,887,480	
• over one year and up to five years	070	24,816,816	
• over five years	080	38,957,015	
• indeterminate period	090	10,295,848	
5. Breakdown of amounts receivable by nature :			
• trade bills (including own acceptances)	100	5,313	
• amounts resulting from hire-purchase and similar claims	110	60,465	
• loans with flat-rate charges	120	1,014,816	
• mortgage loans	130	10,390,043	
• other term loans for periods of over one year	140	57,878,498	
• other amounts receivable	150	95,558,717	
6. Geographical breakdown			
• claims on Belgium	160	68,143,574	
• claims on foreign countries	170	96,764,278	
7. Analytical data concerning mortgage loans with reconstitution at the institution or coupled with life insurance and capitalization contracts			
a) the principal sums initially lent	180	0	
b) the reconstitution fund and mathematical reserves relating to these loans	190	0	
c) the net outstanding amount of these loans (a - b)	200	0	

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(in thousands EUR)

	Codes	Financial year 05	Previous financial year 10
III. STATEMENT OF BONDS AND OTHER FIXED-INCOME SECURITIES *(heading V of the assets)*			
1. Bonds and other securities issued by :			
• affiliated enterprises	010	1,116,782	576,958
• other enterprises linked by participating interests	020	0	3,170
2. Bonds and securities representing subordinated claims	030	0	0

	Codes	Belgium	Foreign countries
3. Geographical breakdown of the following headings:			
V.A. public issuers	040	9,132,876	45,263,519
V.B. other issuers	050	16,200,619	51,033,927

	Codes	Book value	Market value
4. Listed - Terms			
a) • listed securities	060	53,859,689	53,894,761
• unlisted securities	070	67,771,252	

	Codes	Financial year
b) • residual term up to one year	080	16,436,417
• residual term over one year	090	105,194,524
5. Breakdown according to whether securities belong		
a) to the commercial portfolio	100	14,242,507
b) to the investment portfolio	110	107,388,434
6. For the commercial portfolio :		
• positive difference between the market value and the acquisition value for bonds and securities valued at their market value, whichever is higher	120	122,185
• positive difference between the market value, when higher, and the book value for bonds and securities valued in accordance with article 35 ter § 2	130	65,167
7. For the investment portfolio		
• positive difference in respect of all securities combined whose redemption value is higher than their book value	140	676,862
• negative difference in respect of all securities combined whose redemption value is lower than their book value	150	785,766

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(in thousands EUR)

8. Details of the book value of the investment portfolio

	Codes	Financial year 05
a) ACQUISITION VALUE		
At the end of the previous financial year	**010**	**89,888,927**
Changes during the financial year :		
• acquisitions	020	58,674,616
• transfers	030	(37,635,052)
• adjustments made in accordance with Article 35 ter § 4 and 5	040	(106,064)
• exchange differences	050	(895,982)
At the end of the financial year	**099**	**109,926,445**
b) TRANSFERS BETWEEN PORTFOLIOS		
1. Transfers		
• from the investment portfolio to the commercial portfolio	110	(3,357,524)
• from the commercial portfolio to the investment portfolio	120	5,177,371
2. Impacts of these transfers on the result	130	65,744
c) WRITE-OFFS		
At the end of the previous financial year	**200**	**2,417,135**
Changes during the financial year :		
• charged	210	4,287,317
• taken back because surplus	220	(67,299)
• cancelled	230	(1,949,483)
• transferred from one heading to another	240	(526,661)
• exchange differences	250	196,849
At the end of the financial year	**299**	**4,357,858**
d) NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR		
[a) + b)1. - c)]	399	107,388,434

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(in thousands EUR)

	Codes	Financial year 05	Previous financial year 10
IV. STATEMENT OF SHARES AND OTHER VARIABLE-INCOME SECURITIES *(heading VI of the assets)*			
1. Geographical breakdown of the issuers of the securities			
• Belgian issuers	010	31,569	
• foreign issuers	020	5,860,546	
		Book value	*Market value*
2. Listed			
• listed securities	030	4,964,292	4,933,217
• unlisted securities	040	927,823	
		Financial year	
3. Breakdown according to whether securities belong			
• to the commercial portfolio	050	4,964,292	
• to the investment portfolio	060	927,823	
4. For the commercial portfolio :			
• positive difference between the acquisition value and the market value for securities valued at their market value	070	480,874	
• positive difference between the market value, when higher, and the book value for securities valued in accordance with article 35 ter § 2	080	0	
5. Details of the book value of the investment portfolio			
a) ACQUISITION VALUE		*Financial year*	
At the end of the previous financial year	**100**	**3,654,075**	
Changes during the financial year			
• acquisitions	110	822,190	
• transfers	120	(3,421,376)	
• other changes	130	57,687	
• Exchange differences	140	(2,944)	
At the end of the financial year	**199**	**1,109,632**	
b) TRANSFERS BETWEEN PORTFOLIOS			
1. Transfers			
• from the investment portfolio to the commercial portfolio	200	0	
• from the commercial portfolio to the investment portfolio	210	0	
2. Impact of these transfers on the result	220	0	
c) WRITE-OFFS			
At the close of the previous financial year	**300**	**67,883**	
Changes during the financial year			
• recorded	310	158,069	
• taken back because surplus	320	(2,290)	
• cancelled	330	(43,420)	
• transferred from one heading to another	340	0	
• exchange differences	350	1,567	
At the end of the financial year	**399**	**181,809**	
d) NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR [a) + b)1. - c)]	499	927,823	

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(in thousands EUR)	Codes	Financial Year 05	Previous Financial year 10	Financial Year 15	Previous Financial year 20
		Credit institutions		*Other enterprises*	
V. STATEMENT OF THE FINANCIAL FIXED ASSETS					
(heading VII of the assets)					
A.1. Breakdown of headings VII A, B, C of the assets :					
a) Economic sector of the following items :					
A. Participating interests in affiliated enterprises	010	6,041,598	25,603,169	5,393,129	11,567,623
B. Participating interests in other enterprises linked by participating interests	020	16,632	85,095	64,509	2,412,606
C. Other company shares constituting financial fixed assets	030	1,425	110	130,811	15,533

b) Listed	Codes	*Listed*	*Unlisted*
A. Participating interests in affiliated enterprises	040	1,272,959	10,161,768
B. Participating interests in other enterprises linked by participating interests	050	42,627	38,514
C. Other company shares constituting financial fixed assets	060	117,106	15,130

A.2. Details of the book value of the headings VII A,B,C of the assets at the end of the financial year	Codes	*affiliated enterprises (VII.A)*	*Enterprises linked by participating-interests (VII.B.)*	*other Enterprises (VII.C)*
a) ACQUISITION VALUE				
At the end of the previous financial year	100	37,162,713	2,500,759	22,647
Changes during the financial year				
• acquisitions	110	9,706,880	21,491	6
• disposals and cessation of use	120	(32,247,687)	(45,539)	(410)
• transferred from one heading to another	130	(7)	(2,349,780)	2,349,787
• exchange differences	140	(498,344)	0	(14)
At the end of the financial year	199	14,123,555	126,931	2,372,016
b) SURPLUSES				
At the end of the previous financial year	200	113,518	0	0
Changes during the financial year				
• recorded	210	1,008,723	0	0
• acquired from third parties	220	0	0	0
• cancelled	230	(496)	0	0
• transferred from one heading to another	240	0	0	0
At the end of the financial year	299	1,121,745	0	0
c) WRITE-OFFS				
At the end of the previous financial year	300	105,439	3,058	7,004
Changes during the financial year				
• recorded	310	3,709,332	42,732	2,233,083
• taken back because surplus	320	0	0	0
• acquired from third parties	330	0	0	0
• cancelled	340	0	0	0
• transferred from one heading to another	350	(4,198)	0	(307)
• exchange differences	360	0	0	0
At the end of the financial year	399	3,810,573	45,790	2,239,780
d) NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR [a) + b) - c)]	499	11,434,727	81,141	132,236

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(in thousands EUR)	Codes	*Financial Year* 05	*Previous Financial year* 10	*Financial Year* 15	*Previous Financial year* 20
		Credit institutions		*Other enterprises*	
B. Breakdown of the heading VII D. of the assets					
1. Subordinated claims on					
• affiliated enterprises	010	192,571	19,288	0	7,012,283
• other enterprises linked by participating interests	020	0	0	0	0
2. Amount of subordinated claims represented by listed securities	030	0			

3. Details of the subordinated claims

	Codes	*affiliated enterprises*	*Enterprises linked by Participating-interests*
Net book value at the end of the previous financial year	**100**	**7,031,571**	**0**
Changes during the financial year			
• additions	110	328,178	0
• repayments	120	(7,164,992)	0
• amounts written off recorded	130	0	0
• amounts written off taken back	140	0	0
• exchange differences	150	(2,186)	0
• other changes	160	0	0
Net book value at the end of the financial year	**199**	**192,571**	**0**
Cumulative amounts written off at the end of the financial year	**200**	**0**	**0**

15. V.A.T. BE 403.199.702

VI § 1 LIST OF ENTREPRISES IN WHICH THE CREDIT INSTITUTION HAS A PARTICIPATING INTEREST

The following list shows the enterprises in which the credit institution has a participating interest as defined in the Royal Decree of 23 September 1992, and also other enterprises in which the company holds rights representing at least ten percent of the subscribed capital.

Name, registered office, VAT nr. or national ID. No.	Shares and units held				Data extracted from the latest annual accounts available (in thousands)			
	directly			via subsidiaries	Annual accounts as at	Monetary units	Shareholder's equity	Net Result
	Type	Number	%	%			(+) or (-)	(+) or (-)
Alandes B.V. Amsterdam		1	100.00		31/12/2007	EUR	28	8
Alpha Card Brussels BE 463.926.551		735,000	50.00		31/12/2007	EUR	8,628	19
Alpha Credit Brussels BE 445.781.316		1,146,937	100.00		31/12/2007	EUR	128,489	75,255
Artemis Asset Management Ltd Edinburgh		452,750,000	100.00		31/12/2007	GBP	171	(3)
ASLK-CGER Services (in liquidation) Brussels BE 458.523.354		89	89.00		In liquidation			
Astir B.V. Amsterdam		1	100.00		31/12/2006	EUR	34	16
Banking Funding Company S.A. Brussels BE 884.525.164		20,586	33.47		31/12/2007	EUR	589	527
Bank van de post N.V. Brussels BE 456.038.471		300,000	50.00		31/12/2007	EUR	179,531	9,085
BASS Master Issuer NV Brussels BE 898.307.694		62,000	100.00		Starting phase			
BBOF III Investors B.V. Amsterdam		24,300	12.13		31/12/2007	EUR	1,356	(935)
BCC Corporate Brussels BE 883.523.807		8,941	37.25		31/12/2007	EUR	2,194	154
Bedrijvencentrum Dendermonde N.V. Dendermonde BE 438.558.081		500	19.61		31/12/2007	EUR	1,023	34
Bedrijvencentrum Regio Aalst N.V. Erembodegem BE 428.749.502		80	14.23		31/12/2007	EUR	654	(2)
Bedrijvencentrum Vilvoorde N.V. Vilvoorde BE 434.222.577		400	11.02		31/12/2007	EUR	1,157	145

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Name, registered office, VAT nr. or national ID. No.	Shares and units held				Data extracted from the latest annual accounts available (in thousands)			
	directly			via subsidiaries	Annual accounts as at	Monetary units	Shareholder's equity	Net Result
	Type	Number	%	%			(+) or (-)	(+) or (-)
Bedrijvencentrum Waasland N.V. Sint-Niklaas BE 427.264.214		400	16.03		31/12/2007	EUR	889	6
Bedrijvencentrum Zaventem N.V. Zaventem BE 426.496.726		751	24.98		31/12/2007	EUR	176	(141)
Belgolaise N.V. Brussels BE 403.200.294	(1) (2)	449,999 119,250	100.00		31/12/2007	EUR	29,417	35,555
BEM-Flemish Construction & Investment Company N.V. Brussels BE 461 612 904		2,793	12.05	0.03	31/12/2007	EUR	5,367	452
Brand & Licence Company Brussels BE 884.499.250		123	20.00		31/12/2007	EUR	105	44
Camomile Investments UK Limited London		2,000,000	100.00		31/12/2007	GBP	3,936	551
Camomile Ulster Investments George Town		1,356	99.93	0.07	31/12/2007	GBP	3,096	4,863
Certificat Etoile Luxemburg		1,250	25.00		30/06/2007	EUR	124	-
Certifimmo II (in liquidation) Brussels BE 431.434.224		64	51.20		27/09/2007	EUR	100	4
Certifimmo S.A. (in liquidation) Brussels BE 430.926.656		102	51.00		5/06/2007	EUR	68	613
Certifimmo V S.A. Brussels BE 450.355.261		12,261	99.99	0.01	31/12/2007	EUR	2,376	1,434
China-Belgium Direct Equity investment Fund Beijing		10,000,000	10.00		31/12/2007	CNY	996,237	17,683
Coppefis Brussels BE 453.987.813		74	98.67	1.33	31/12/2007	EUR	331	328

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Name, registered office, VAT nr. or national ID. No.	Shares and units held				Data extracted from the latest annual accounts available (in thousands)			
	directly			via subsidiaries	Annual accounts as at	Monetary units	Shareholder's equity	Net Result
	Type	Number	%	%			(+) or (-)	(+) or (-)
Comptoir Agricole de Wallonie Nivelles BE 400.364.530		2,499	99.96	0.04	31/12/2007	EUR	1,476	326
Coöperatieve H2 Equity Partners Fund III U.A. Amsterdam		3,202,915	24.07		31/12/2007	EUR	4,138	(934)
Credissimo Seraing BE 403.977.482		124,999	100.00		31/12/2007	EUR	12,228	807
Crédit Social de la Province du Brabant Wallon Nivelles BE 400.351.068		11,012	12.10		31/12/2007	EUR	4,201	177
Demetris Groot-Bijgaarden BE 452.211.723		9,999	99.99	0.01	31/12/2007	EUR	2,800	162
Dikodi Amsterdam		42	100.00		31/12/2007	EUR	(15,997)	(492)
Discontokantoor van Turnhout (in liquidation) Turnhout BE 404.154.755		10,000	100.00		31/12/2007	EUR	37	(1)
Distri-Invest S.A. Brussels BE 431. 242.105		102	51.00		20/04/2008	EUR	112	4
Dominet S.A. Piaseczno		25,615	100.00		31/12/2007	PLN	190	6
Domus Flandria N.V. Antwerp BE 436.825.642		22,500	11.22		31/12/2007	EUR	26,655	2,190
Europay Belgium S.C. Brussels BE 434.197.536		13,618	39.73	0.07	31/12/2007	EUR	1,353	6,690
European Carbon Fund Luxemburg		15,000,000	10.53		31/12/2007	EUR	-	34,284
FB Energy Trading S.à.r.l. Luxemburg		8,634,116	100.00		31/12/2007	USD	431,620	113
FB Holdings Canada Corp. Calgary		10,000,000	100.00		31/12/2007	USD	10,000	-

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VI § 1 LIST OF ENTREPRISES IN WHICH THE CREDIT INSTITUTION HAS A PARTICIPATING INTEREST

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Name, registered office, VAT nr. or national ID. No.	Shares and units held				Data extracted from the latest annual accounts available (in thousands)			
	directly			via subsidiaries	Annual accounts as at	Monetary units	Shareholder's equity	Net Result
	Type	Number	%	%			(+) or (-)	(+) or (-)
FB Transportation Capital LLC Wilmington		5,000,000	100.00		31/12/2007	USD	79,888	50,602
FCM Private Equity II S.L. Madrid		50,237	71.77		31/12/2007	EUR	69	(1)
FCM Private Equity, S.L. Madrid		2,914,995	99.97		31/12/2007	EUR	3,624	8,006
Fimagen Holding Paris		2,933,313	96.85	3.15	31/12/2007	EUR	243,524	50,690
Finest Brussels BE 449.082.680		14,793	99.99	0.01	12/11/2007	EUR	1,242	48
Fintrimo S.A. Brussels BE 874.308.807		300	50.00		31/12/2007	EUR	409	(55)
Fondo Nazca II, FCR de Régimen Simplificado Madrid		62,343,264	99.02		31/12/2007	EUR	61,076	(964)
Fortis Bank A.S. Gayrettepe		988,169,379	94.11		31/12/2007	TRY	1,634,893	180,268
Fortis Bank Escritorio de Representacao Ltda Sao Paulo		990,364	88.40		31/12/2007	BRL	533	123
Fortis Bank Polska Warszawa		16,650,947	99.25		31/12/2007	PLN	1,153,956	177,594
Fortis Bank Reinsurance S.A. en abrégé FB Re S.A. Luxemburg		25,000	100.00		31/12/2007	EUR	7,762	-
Fortis Banque France Paris		2,832,092	99.98		31/12/2007	EUR	344,107	(14,617)
Fortis Banque Luxemburg S.A. Luxemburg		13,720,846	99.92		31/12/2007	EUR	2,755,100	406,600
Fortis Capital (Canada) Ltd. White Horse		100	40.00	60.00	31/12/2007	USD	9,151	7,136

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VI § 1 LIST OF ENTREPRISES IN WHICH THE CREDIT INSTITUTION HAS A PARTICIPATING INTEREST

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Name, registered office, VAT nr. or national ID. No.	Shares and units held				Data extracted from the latest annual accounts available (in thousands)			
	directly			via subsidiaries	Annual accounts as at	Monetary units	Shareholder's equity	Net Result
	Type	Number	%	%			(+) or (-)	(+) or (-)
Fortis Capital Corporation Inc Stamford		1,000	100.00		31/12/2007	USD	885,075	104,007
Fortis Film Fund S.A. Brussels BE 893.587.655		99	99.00	1.00	Starting phase			
Fortis Finance Belgium S.C.R.L. Brussels BE 879.866.412		8,533,312	100.00		31/12/2007	EUR	8,562,052	331,817
Fortis Financial Services LLC New York		159,992,316	100.00		31/12/2007	USD	245,544	3,451
Fortis Funding LLC New York		100,000	100.00		31/12/2007	USD	289	(437)
Fortis Gesbeta SGIIC Madrid		75,000	100.00		31/12/2007	EUR	19,537	3,388
Fortis Ifico George Town		100,000	100.00		31/12/2007	USD	2,918	247
Fortis International Finance Dublin Dublin		959,368,065	94.62	5.38	31/12/2007	EUR	375,896	33,579
Fortis Lease Iberia Barcelona		1,170,000	21.39	78.61	31/12/2007	EUR	25,031	(466)
Fortis investment Management "FIM" Brussels BE 462.748.891		1,693,327	84.67	15.32	31/12/2007	EUR	474,070	57,434
Fortis Luxemburg Finance Luxemburg		19,999	100.00		31/12/2007	EUR	25,543	(915)
Fortis Private Equity Asia Fund Brussels BE 0866.161.894		22,199	100.00		31/12/2007	EUR	17,110	5,278
Fortis Private Equity Belgium Brussels BE 421.883.286		557,866	100.00		31/12/2007	EUR	195,503	(6,123)
Fortis Private Equity France Fund Strasbourg		50,000,000	99.90	0.10	31/12/2007	EUR	34,964	(785)

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VI § 1 LIST OF ENTREPRISES IN WHICH THE CREDIT INSTITUTION HAS A PARTICIPATING INTEREST

The following list shows the enterprises in which the credit institution has a participating interest as defined in the Royal Decree of 23 September 1992, and also other enterprises in which the company holds rights representing at least ten percent of the subscribed capital.

Name, registered office, VAT nr. or national ID. No.	Shares and units held				Data extracted from the latest annual accounts available (in thousands)			
	directly			via subsidiaries	Annual accounts as at	Monetary units	Shareholder's equity	Net Result
	Type	Number	%	%			(+) or (-)	(+) or (-)
Fortis Private Equity France S.A.S. Strasbourg		200,000	100.00		31/12/2007	EUR	485	38
Fortis Private Investment Management Limited London		64,993,419	100.00		31/12/2007	GBP	14,395	(5,718)
Fortis Proprietary Investments Dublin		9,999,999	100.00		31/12/2007	USD	78,712	6,918
Fortis Wealth Management Hong Kong Ltd Hong Kong		549,999	100.00		31/12/2007	HKD	315,441	31,071
Fortis Wealth Management Singapore Ltd Singapore		9,450,000	100.00		31/12/2007	SGD	826	-
Fortis Wealth Management Taiwan Ltd Taiwan		20,000,000	100.00		31/12/2007	TWD	331,822	(28,410)
G I Finance Dublin		54,600,001	100.00		31/12/2007	GBP	54,637	-
Geschäftsführung GmbH der Generale Bank Köln		1	100.00		31/12/2007	EUR	28	3
Generale Bank Pref II NV Rotterdam		9,075,609	100.00		31/12/2007	EUR	190,416	7,417
Generale Belgian Finance Company Ltd. Hong Kong		99,999	100.00		31/12/2007	USD	9,218	261
Generale Branch Nominees Ltd. London		100	100.00		31/12/2007	GBP	-	-
GenFinance International N.V. Brussels BE 421.429.267		19,999	100.00		31/12/2007	EUR	1,256	4
GIE Immobilier Groupe Fortis Paris Puteaux		186,013,302	12.61	79.85	31/12/2007	EUR	-	-
Gudrun Xpert Brussels BE 477.315.422		5,200	26.00		31/12/2007	EUR	718	98

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VI § 1 LIST OF ENTREPRISES IN WHICH THE CREDIT INSTITUTION HAS A PARTICIPATING INTEREST

The following list shows the enterprises in which the credit institution has a participating interest as defined in the Royal Decree of 23 September 1992, and also other enterprises in which the company holds rights representing at least ten percent of the subscribed capital.

Name, registered office, VAT nr. or national ID. No.	Shares and units held				Data extracted from the latest annual accounts available (in thousands)			
	directly			via subsidiaries	Annual accounts as at	Monetary units	Shareholder's equity	Net Result
	Type	Number	%	%			(+) or (-)	(+) or (-)
Heracles S.C.R.L. Charleroi BE 427.178.892		4,500	13.55	0.05	31/12/2007	EUR	627	308
Het Werkmanshuis Tongeren BE 400.986.518		1,095	41.04		31/12/2007	EUR	1,321	41
Hewitt's Island CLO VII George Town		1	100.00		Starting phase			
I.D.P.B. SA Paris		145	96.67	2.00	31/12/2007	EUR	733	19
Immo Certrest Brussels BE 458.406.954		999	99.90	0.10	31/12/2007	EUR	(1,046)	27
Immo Kolonel Bourgstraat Brussels BE 461.139.879		1,250	50.00		31/12/2007	EUR	72	3
Immo-Beaulieu Brussels BE 450.193.133		500	25.00		16/06/2007	EUR	68	82
Immobilière Distri-Land N.V. Brussels BE 436.440.909		156	12.48		31/12/2007	EUR	198	31
Immobilière Sauvenière N.V. Brussels BE 403.302.739		15,741	99.99	0.01	31/12/2007	EUR	28,685	1,411
Immolouneuve S.A. Brussels BE 416.030.426		1,000	50.00		31/12/2007	EUR	88	3
Innovation et Développement en Brabant Wallon Tubize BE 460.658.938		3,500	16.32		31/12/2007	EUR	738	38
Isabel N.V. Brussels BE 455.530.509		253,322	25.33		31/12/2007	EUR	13,500	1,294
Krediet voor Sociale Woningen Brussels BE 402.204.461		70,629	77.56	4.10	31/12/2007	EUR	11,576	751
La Maison Sociale de Tournai - Ath Tournai BE 402.495.065		465,570	99.72		31/12/2007	EUR	3,008	173

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Name, registered office, VAT nr. or national ID. No.	Shares and units held				Data extracted from the latest annual accounts available (in thousands)			
	directly			via subsidiaries	Annual accounts as at	Monetary units	Shareholder's equity	Net Result
	Type	Number	%	%			(+) or (-)	(+) or (-)
La Propriété Sociale de Binche - Morlanwelz Binche BE 401.198.136		23,520	20.81	0.67	31/12/2007	EUR	1,293	18
Landbouwkantoor Vlaanderen Wevelgem BE 405.460.889		499	99.80	0.20	31/12/2007	EUR	3,280	617
Le Crédit Social de Tubize Tubize BE 400.344.140		400	11.43		31/12/2007	EUR	298	29
Le Crédit Social et les petits Propriétaires Réunis Chatelet BE 401.609.593		3,347	12.38		31/12/2007	EUR	2,504	137
Le Petit Propriétaire Brussels BE 403.290.366		690	11.60		31/12/2007	EUR	767	5
Mermoz Jet Finance Madrid		3,006	100.00		Starting phase			
Metropolitan Buildings N.V. Brussels BE 434.742.734		15	15.00		31/12/2007	EUR	132	16
Mijn Huis & Edouard Pecher Antwerp BE 404.476.340		20,859	50.26		31/12/2007	EUR	3,980	(166)
Mine.Be Brussels BE 471.793.053		40,000	100.00		31/12/2007	EUR	2,262	73
Montag & Caldwell, Inc Atlanta		500	100.00		31/12/2007	USD	140,554	(17,794)
Nazca Capital, S.G.E.C.R., S.A. Madrid		1,120,355	70.00		31/12/2007	EUR	328	37
Nazca Inversiones Madrid		54,486,300	95.00	5.00	31/12/2007	EUR	66,561	66,641
Nieuwe Maatschappij Rond Den Heerd Kortrijk BE 426.351.028		2,000	23.26		31/12/2007	EUR	166	(559)
Park De Haan N.V. Brussels BE 438.533.436		300	15.00		31/12/2007	EUR	68	776

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VI § 1 LIST OF ENTREPRISES IN WHICH THE CREDIT INSTITUTION HAS A PARTICIPATING INTEREST

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Name, registered office, VAT nr. or national ID. No.	Shares and units held				Data extracted from the latest annual accounts available (in thousands)			
	directly			via subsidiaries	Annual accounts as at	Monetary units	Shareholder's equity	Net Result
	Type	Number	%	%			(+) or (-)	(+) or (-)
S.A. Berlaymont 2000 N.V. (in liquidation) Brussels BE 441.629.617		251	14.85		31/12/2007	EUR	14,155	3,001
Shenergy Groupe Finance Company Limited Shanghai		50,000,000	10.00		31/12/2007	CNY	511,382	11,382
Shinnecock CLO II George Town		250	100.00		Starting phase			
St.-Jozefs Kredietmaatschappij Beringen Beringen BE 401.349.970		522	11.93		31/12/2007	EUR	20,299	348
S.B.I. - B.M.I. Brussels BE 411.892.088		2,595	19.51	0.01	31/12/2007	EUR	32,768	553
SOWO Invest Brussels BE 877 279 282		875	87.50		31/12/2007	EUR	270	117
Tous Propriétaires SA Erquelinnes BE 401.731.339		43,425	16.82		31/12/2007	EUR	5,284	389
Via-Zaventem N.V. Brussels BE 892.742.765		5,100	51.00		31/12/2007	EUR	132	(8)
Visa Belgium SRCL Brussels BE 435.551.972		44	24.58	0.49	31/12/2007	EUR	277	12
Von Essen GmbH Essen		1	100.00		31/12/2007	EUR	92,389	(13,638)
Von Essen GmbH & Co. KG Bank Essen		1	100.00		31/12/2007	EUR	92,435	(13,565)
Wa Pei Finance Company Ltd Hong Kong		340,997	100.00		Sleeping			

(1) ordinary shares
(2) shares VVPR

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VI. § 2 LIST OF THE ENTERPRISES FOR WHICH THE CREDIT INSTITUTION HAS UNLIMITED LIABILITY AS A SHAREHOLDER OR AS A MEMBER LIABLE WITHOUT LIMIT :

Name, full address of the HEAD OFFICE and, For the enterprises governed by Belgian law, mention of the VAT number or of the NATIONAL IDENTIFICATION NUMBER	Eventual codes (*)
Codes 05	10
ASLK-CGER Services, wolvengracht 48, 1000 Brussels BE 458.523.354	

(*) The annual accounts of the enterprise :

A. are published by deposit with the National Bank of Belgium by this enterprise ;

B. are actually published by this enterprise in another Member State of the EEC in the form prescribed in Article 3 of Directive EEC/68/151;

C. are integrated by overall consolidation or by proportional consolidation in the consolidated accounts of the credit institution compiled, audited and published in accordance with the Royal Decree of 23 September 1992 concerning the consolidated accounts of Credit institutions

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(in thousands EUR)

VII. STATEMENT OF FORMATION EXPENSES AND INTANGIBLE FIXED ASSETS

(heading VIII of the assets)

	Codes	05	10	15
		Financial year		
A. Detail of the formation expenses				
Net book value at the close of the previous financial year	**010**	**803**		
Changes during the financial year :				
• New expenses incurred	020	0		
• Writing down	030	(69)		
• Other	040	10		
• Exchange differences	050	1		
Net book value at the close of the financial year	099	745		
including :				
• formation and capital - increase expenses				
issuing expenses for loans and other start-up expenses	110	745		
• reorganization expenses	120	0		

B. Intangible fixed assets	*Codes*	*Goodwill*	*Other intangible fixed assets*	*Including commissions for the bringing in of operations with clients Art. 27 Bis**
a) ACQUISITION VALUE				
At the close of the previous financial year	**210**	**26,111**	**102,788**	**0**
Changes during the financial year				
• acquisitions including production shown as fixed assets	220	0	21,216	0
• transfers and disposals	230	0	(125)	0
• transfers from one heading to another	240	0	50	0
• exchange differences	250	(2,308)	58	0
At the close of the financial year	**299**	**23,803**	**123,987**	**0**
b) DEPRECIATIONS AND AMOUNTS WRITTEN OFF				
At the close of the previous financial year	**310**	**20,949**	**28,891**	**0**
Changes during the financial year				
• charged	320	1,727	19,766	0
• taken back because surplus	330	0	0	0
• acquired from third parties	340	0	33	0
• cancelled	350	0	(2)	0
• transferred from one heading to another	360	0	30,289	0
• exchange differences	370	(2,268)	(137)	0
At the close of the financial year	**399**	**20,408**	**78,840**	**0**
c) NET BOOK VALUE AT THE CLOSE OF THE FINANCIAL YEAR				
[a) -b)]	**499**	**3,395**	**45,147**	**0**

* If this heading contains an important amount

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(in thousands EUR)

VIII. STATEMENT OF THE TANGIBLE FIXED ASSETS

(heading IX of the assets)

	Codes	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Hire-purchase and similar rights	Other tangible fixed assets	Fixed assets in course of construction and payments on account made
		05	10	15	20	25	30
a) ACQUISITION VALUE							
At the end of the previous financial year	**010**	**1,511,554**	**296,127**	**141,163**	**0**	**382,229**	**0**
Changes during the financial year							
• acquisitions including fixed assets produced	020	96,574	53,425	11,250	0	70,951	0
• disposals and cessation of use	030	(69,419)	(37,285)	(14,220)	0	(39,043)	0
• transferred from one heading to another	040	(730)	2,429	50	0	1,032	0
• exchange differences	050	(248)	(1,443)	(233)	0	(9,955)	0
At the end of the financial year	**099**	**1,537,731**	**313,253**	**138,010**	**0**	**405,214**	**0**
b) CAPITAL GAINS							
At the end of the previous financial year	**110**	**274,731**	**14**	**84**	**0**	**11,643**	**0**
Changes during the financial year							
• recorded	120	0	0	0	0	0	0
• acquired from third parties	130	0	0	0	0	0	0
• cancelled	140	(13,444)	0	0	0	(1,478)	0
• transferred from one heading to another	150	48	0	(40)	0	(48)	0
• exchange differences	160	0	0	(8)	0	0	0
At the end of the financial year	**199**	**261,335**	**14**	**36**	**0**	**10,117**	**0**
c) DEPRECIATIONS AND AMOUNTS WRITTEN OFF							
At the end of the previous financial year	**210**	**1,144,420**	**192,397**	**71,629**	**0**	**201,015**	**0**
Changes during the financial year							
• recorded	220	68,373	62,973	12,444	0	30,747	0
• taken back because surplus	230	0	0	0	0	0	0
• acquired from third parties	240	0	6	0	0	1,305	0
• cancelled because surplus	250	(55,910)	(34,641)	(14,153)	0	(13,947)	0
• transferred from one heading to another	260	27,448	2,318	132	0	83	0
• exchange differences	270	(29)	(1,150)	(339)	0	(2,348)	0
At the end of the financial year	**299**	**1,184,302**	**221,903**	**69,713**	**0**	**216,855**	**0**
d) NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR [a) + b) - c)]	**399**	**614,764**	**91,364**	**68,333**	**0**	**198,476**	**0**
including							
• land and buildings	410				0		
• installations, machines and tools	420				0		
• furniture and vehicles	430				0		

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(in thousands EUR)	*Codes*	*Financial year 05*
IX. OTHER ASSETS		
(heading XI of the assets)		
Breakdown of this heading if it represents a substantial amount		
• premiums paid in advance on derivatives	010	7,164,662
• suspense accounts	020	2,652,729
• recovery on income taxes	030	221,414
• claims on invoices	040	441,119
• Other financial investments	050	14,763
	060	0
	070	0
X. DEFERRED CHARGES AND ACCRUED INCOME		
(heading XII of the assets)		
1. Charges to be carried forward	110	289,856
2 Accrued income	120	90,014,117

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(in thousands EUR)	Codes	Financial year 05	Previous Financial year 10
XI. STATEMENT OF AMOUNTS PAYABLE TO CREDIT INSTITUTIONS			
(heading 1 of the liabilities)			
A. For the heading as a whole :			
• amounts payable to affiliated enterprises	010	11,220,705	40,219,467
• amounts payable to other enterprises linked by participating interests	020	0	22
B. Breakdown of amounts payable other than at sight by residual period to maturity			
(heading I.B. and C. of the liabilities)			
• up to three months	110	92,522,789	
• over three months and up to one year	120	11,974,240	
• over one year and up to five years	130	3,243,576	
• over five years	140	582,134	
• indeterminate period	150	1,644	
STATEMENT OF AMOUNTS PAYABLE TO CUSTOMERS			
(heading II of the liabilities)			
1. Amounts payable to			
• affiliated enterprises	210	6,998,186	7,107,090
• other enterprises linked by participating interests	220	0	79,721
2. Geographical breakdown of amounts payable :			
• to Belgium	310	92,509,054	
• to foreign countries	320	89,229,016	
3. Breakdown by residual period to maturity :			
• at sight	410	41,727,923	
• up to three months	420	66,881,846	
• over three months and up to one year	430	15,312,719	
• over one year and up to five years	440	13,487,426	
• over five years	450	10,793,394	
• indeterminate period	460	33,534,762	

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(in thousands EUR)	*Codes*	*Financial year* 05	*Previous Financial year* 10
XIII. STATEMENT OF AMOUNTS PAYABLE REPRESENTED BY A SECURITY			
(heading III of the liabilities)			
1. Amounts payable which, to the knowledge of the credit institution, constitute amounts payable :			
• to affiliated enterprises	010	3,827,553	3,219,242
• to other enterprises linked by participating interests	020	0	0
2. Breakdown by residual period to maturity :			
• up to three months	110	7,471,215	
• over three months and up to one year	120	5,318,275	
• over one year and up to five years	130	13,647,327	
• over five years	140	2,451,377	
• indeterminate period	150	105,501	
XIV. STATEMENT OF OTHER AMOUNTS PAYABLE			
(heading IV of the liabilities)			
1. Tax, wage and salary and social amounts payable :			
a) amounts payable due to tax administrations	210	684	
b) amounts payable due to N.S.S.O.	220	145,241	
2. Taxes			
a) payable	230	112,245	
b) estimated tax amounts payable	240	0	
3. Other amounts payable			
Breakdown of this sub-heading if it represents a substantial amount			
• premiums received on derivatives	310	11,359,394	
• suspense accounts	320	3,394,119	
• remunerations and social-security charges not paid	330	493,772	
• debts resulting from profit appropriation	340	4,179	
	350	209,343	

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(in thousands EUR)

		Codes	Financial year 05
XV.	**ACCRUED CHARGES AND DEFERRED INCOME**		
	(heading V of the liabilities)		
	1. Charges to be assigned	010	86,740,889
	2. Income to be carried forward	020	170,861
XVI.	**PROVISIONS FOR RISKS AND CHARGES**		
	(heading VI. A. 3. of the liabilities)		
	Breakdown of this sub-heading if it represents a substantial amount		
	• provisions for guaranteed commitments	110	43,781
	• provisions for open claims	120	84,543
	• provisions for personnel	130	142,711

		Codes	Financial year 05	Previous Financial year 10
XVII.	**STATEMENT OF THE SUBORDINATED AMOUNTS PAYABLE**			
	(heading VIII of the liabilities)			
	A. For the heading as a whole :			
	• amounts payable to affiliated enterprises	210	3,091,033	3,514,851
	• amounts payable to other enterprises linked by participating interests	220	0	0
	B. Charges in respect of subordinated amounts payable	310	1,255,809	

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(in thousands EUR)

		Codes	05	10
			amount	*number of shares*
XVIII.	**STATEMENT OF CAPITAL**			
A.	SHAREHOLDERS' EQUITY			
1.	Subscribed capital (heading IX. A. of the liabilities)			
	• at the end of the previous financial year	010	4,693,552	241,935,663
	• changes during the financial year :	020	0	0
	Capital increase...	030	4,681,326	241,305,490
	....	040	0	0
	....	050	0	0
	....	060	0	0
	• at the end of the financial year	**099**	**9,374,878**	**483,241,153**
2.	Representation of the capital			
	2.1 Categories of shares common	110	9,374,878	483,241,153
	....	120	0	0
	....	130	0	0
	....	140	0	0
	....	150	0	0
	2.2 Registered shares and bearer shares			
	• Registered	160	xxxxxxxxxx	482,998,973
	• Bearer	170	Xxxxxxxxxx	242,180
			amounts of uncalled capital	*called capital not paid up*
B.	UNCALLED CAPITAL			
	Shareholders liable for payment in full			
	....	210	0	0
	....	220	0	0
	....	230	0	0
	....	240	0	0
	....	250	0	0
	(if necessary, continuation on page ....)			
TOTAL		**299**	**0**	**0**
			amount of own shares	*corresponding number of shares*
C.	OWN SHARES HELD			
	• by the company itself	310	0	0
	• by its subsidiaries	320	0	0
D.	SHARE-ISSUE COMMITMENTS			
1.	Resulting from the exercise of conversion			
	• amount of the convertible loans outstanding	410	0	0
	• amount of the capital to be subscribed	420	0	0
	• the corresponding number of shares to be issued	430	0	0
2.	Resulting from the exercise of subscription			
	• number of subscription rights in circulation	440	0	0
	• amount of the capital to be subscribed	450	0	0
	• the corresponding number of shares to be issued	460	0	0
E.	UNSUBSCRIBED AUTHORIZED CAPITAL	510	8,673	0
F.	EQUITY UNITS ISSUED WHICH ARE NOT REPRESENTATIVE OF THE CAPITAL including		*number of equity units*	*number of votes attaching thereto*
	• the units held by the company itself	610	0	0
	• the units held by its subsidiaries	620	0	0

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(in thousands EUR)

XIX. BREAKDOWN OF BALANCE SHEET TOTAL AND TOTAL LIABILITIES BETWEEN EUR & FOREIGN CURRENCIES

	Codes	05	10
		in EUR	in foreign currencies (EUR equivalent)
TOTAL ASSETS	**010**	**343,773,406**	**133,241,235**
TOTAL LIABILITIES	**020**	**347,248,738**	**129,765,903**

XX. TRUSTEE OPERATIONS REFERRED TO IN ARTICLE 27ter, § 1 paragraph 3

(in thousands EUR)

	Codes	Financial year 05
Relevant headings of the assets and liabilities		
....	110	0
....	120	0
....	130	0
....	140	0
....	150	0
....	160	0
....	170	0
....	180	0
....	190	0
....	200	0
....	210	0
....	220	0
....	230	0

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(in thousands EUR)

(1) Amount registered or book value of the real estate encumbered if the latter is lower
(2) Amount registered
(3) Book value of the assets pledged
(4) Amount of the assets in question

XXI. STATEMENT OF THE GUARANTEED LIABILITIES AND COMMITMENTS

Real guarantees provided or irrevocably promised by the credit institution from its own assets

(in thousands EUR)

	Codes	Mortgages (1)	Pledging of goodwill (2)	Pledging of other assets (3)	Guarantees established on future assets (4)
		05	10	15	
a) as security for liabilities and commitments of the credit institution					
1. Headings of liabilities					
• amounts owed as a result of commitments and advances	010	0	0	204,249,845	0
•	020	0	0	0	0
•	030	0	0	0	0
•	040	0	0	0	0
•	050	0	0	0	0
2. Off-balance sheet headings					
•	110	0	0	0	0
•	120	0	0	0	0
•	130	0	0	0	0
•	140	0	0	0	0
•	150	0	0	0	0
b) as security for liabilities and commitments of third parties					
1. Headings of liabilities					
• amounts owed as a result of commitments and advances	210	0	0	139	0
•	220	0	0	0	0
•	230	0	0	0	0
•	240	0	0	0	0
•	250	0	0	0	0
2. Off-balance sheet headings					
•	310	0	0	0	0
•	320	0	0	0	0
•	330	0	0	0	0
•	340	0	0	0	0
•	350	0	0	0	0

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(in thousands EUR)

	Codes	Financial year 05	Previous Financial year 10
XXII. STATEMENT OF CONTINGENT LIABILITIES AND COMMITMENTS WHICH MAY GIVE RISE TO A CREDIT RISK			
(headings I and II of the off-balance sheet section)			
• Total of contingent liabilities on behalf of affiliated enterprises	010	10,948,302	6,409,752
• Total of contingent liabilities on behalf of other enterprises linked by participating interests	020	0	0
• Total commitments to affiliated enterprises	030	8,034,301	2,077,902
• Total commitments to other enterprises linked by participating interests	040	0	55,950
XXIII. DETAILS CONCERNING OPERATING RESULTS			
(headings I and II of the off-balance sheet section)			
A. 1. Staff under contract			
a) Total number of staff at the end of the financial year	101	21,194	22,171
b) Average number of staff in full-time equivalents	102	19,683	20,242
c) Effective hours worked	103	26,403,309	27,171,445
1bis Hired staff and staff put at the disposal of the company			
a) Total number employed at the end of the financial year	200	42	167
b) Average number employed in full-time equivalents	201	99	104
c) Effective hours worked	202	185,650	195,150
d) Personnel expenses incurred by the company (in thousands EUR)	203	6,362	6,487
2. Personnel expenses			
a) Remunerations and direct company benefits	210	1,432,074	1,451,619
b) Employer's social insurance contributions	220	366,782	357,702
c) Employer's premiums for non-statutory insurances	230	181,606	138,914
d) Other personnel expenses	240	57,468	45,133
e) Pensions	250	1,192	983
3. Provisions for pensions			
a) appropriations	310	279	360
b) uses and write-backs	320	460	1
B. 1. Other operating incomes (heading XIV of the income statement) which represent a substantial amount			
• rent	410	21,399	19,825
• miscellaneous recoveries	420	335,679	169,112
• inventory costs	430	12,967	8,885
• postage expenses of accounts	440	12,380	11,599
• collection of debts	450	17,418	22,200
• other	460	276	8,482
2. Other operating charges (heading XV of the income statement)			
• taxes	510	131,523	140,655
• other operating charges	520	70,628	102,515
Breakdown of the other operating charges if they represent a substantial amount			
• inventory costs	610	0	0
• expenses related to a subordinated liability	620	0	0
	630	0	0
C. Operating income and charges in respect of affiliated enterprises			
• Income	710	4,124,294	9,642,144
• Charges	720	2,995,113	8,798,902

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(in thousands EUR)

XXIII. DETAILS CONCERNING OPERATING RESULTS (CONTINUATION)

		Financial year		*Previous financial year*	
	Codes	*05*	*10*	*15*	*20*
D. Breakdown of operating income by origin		*Belgian establishments*	*Establishments abroad*	*Belgian establishments*	*Establishments Abroad*
I. Interests and similar income	010	18,026,888	2,400,296	16,009,598	3,112,465
III. Income from variable-income securities					
• Shares, units and other variable-income securities	110	150,264	(1,509)	116,121	34,288
• Participating interests in affiliated enterprises	120	903,266	36,723	312,867	528,835
• Participating interests in other enterprises linked by participating interests	130	8,915	0	3,782	3,783
• Other shares constituting financial fixed assets	140	2,907	2,322	270	16,574
IV. Commissions received	210	1,074,262	252,666	1,133,733	214,064
VI. Profit from financial operations					
• from exchange and trading in securities and other financial instruments	310	(1,121,111)	(48,447)	479,898	(202,759)
• from realization of investment securities	320	(394,887)	(345,001)	174,440	15,708
XIV. Other operating incomes	410	299,066	101,053	123,389	116,714

Analysis of dividends (captions III B and C of income statement) according to the location of the branches concerned

EU countries	912,138
Non-EU countries	0

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(in thousands EUR)

XXIV. STATEMENT OF FORWARD OFF-BALANCE SHEET OPERATIONS IN SECURITIES, FOREIGN CURRENCIES AND OTHER FINANCIAL INSTRUMENTS REPRESENTING LIABILITIES WHICH MAY GIVE RISE TO A CREDIT RISK WITHIN THE MEANING OF HEADING II OF THE OFF-BALANCE SHEET SECTION

(in thousands EUR)

	Codes	amount at the end of financial year end 05	of wihich transactions not constituting hedging transactions 10
Types of operations (a)			
1. ON SECURITIES			
forward purchases and sales of securities and negotiable instruments	010	179,833	179,821
2. ON FOREIGN CURRENCIES (b)			
• forward foreign exchange operations	110	142,366,361	130,653,255
• interest-rate and currency swaps	120	18,134,226	17,429,765
• currency futures	130	61,202	61,202
• currency options	140	35,430,553	35,416,748
• forward exchange rate contracts	150	8,842,526	8,651,739
3. ON OTHER FINANCIAL INSTRUMENTS			
1. Forward interest-rate transactions (c)			
• interest-rate swaps	210	2,181,170,941	2,105,896,988
• interest-rate futures	220	49,065,023	49,065,023
• forward interest-rate contracts	230	196,036,619	196,029,502
• interest-rate options	240	3,267,342,773	3,266,995,721
2. Other forward purchases and sales (d)			
• other option contracts	310	77,200,314	74,470,369
• other futures operations	320	21,029,839	20,293,940
• other forward purchases and sales	330	7,796,745	1,837,248

(a) See the valuation rules for the definition of the operations
(b) Amounts to be delivered
(c) Nominal/notional reference amount
(d) Purchase/selling price agreed between the parties

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(in thousands EUR)

XXIV Bis. STATEMENT OF FORWARD OFF-BALANCE SHEET OPERATIONS IN SECURITIES, FOREIGN CURRENCIES AND OTHER FINANCIAL INSTRUMENTS REPRESENTING LIABILITIES WHICH MAY GIVE RISE TO A CREDIT RISK WITHIN THE MEANING OF HEADING II OF THE OFF-BALANCE SHEET SECTION (further)

(in thousands EUR)

Estimated effect on results of exemption from the valuation rule referred to in article 36 BIS, section 2, relating to interest rate

	amount at end of period (a)	*difference between market value and carrying value (b)*
types of interest rate futures		
a) as part of cash management	*123,428,635*	*79,893*
b) as part of asset and liabilities management	21,113,717	(489,294)
c) operations without reductions of the risk (LOCOM)	Not applicable on 31/12/2008	Not applicable on 31/12/2008

(a) nominal/notional reference amount

(b) + : positive difference between the market value and results already accounted for

- : negative difference between the market value and results already accounted for

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(in thousands EUR)

		Codes	Financial year 05
XXV.	**EXTRAORDINARY RESULT**		
A.	• Capital gains obtained in respect of the transfer of fixed assets to affiliated enterprises	010	2,899
	• Capital losses suffered in respect of the transfer of fixed assets to affiliated enterprises	020	0
B.	Other extraordinary results :		
	(heading XVII. E. of the income statement)		
	Breakdown of this heading if it represents a substantial amount		
	• Reorganisation plan	110	2,899
	•	120	0
	•	130	0
	•	140	0
	•	150	0
	Other extraordinary charges		
	(heading XVIII. E. of the income statement)		
	Breakdown of this heading if it represents a substantial amount		
	• Reorganisation plan	210	20,001
	•	220	0
	•	230	0
	•	240	0
	•	250	0
XXVI.	**INCOME TAXES**		
A.	Breakdown of heading XX.A. of the income statement		
	1. Taxes on the result of the financial year		
	a. Taxes and withholding taxes due or paid	310	199,218
	b. Surplus of tax payments or withholding taxes brought to assets	320	(150,623)
	c. Estimated additional tax liabilities (recorded under heading IV. of the liabilities)	330	0
	2. Taxes on the result of previous financial years		
	a. Additional taxes due or paid	410	3
	b. Additional taxes estimated (recorded under heading IV. of the liabilities) or transferred to provisions (recorded under heading VI. A.2. of the liabilities)	420	(1,244)
B.	MAIN SOURCES OF DISPARITIES BETWEEN PROFIT BEFORE TAXES as shown in the accounts and the ESTIMATED TAXABLE PROFIT, with special mention of those resulting from the differences in time between the accounting profit and the tax profit. (if the result for the financial year is appreciably influenced by this from the standpoint of taxation)		
	• Non-accepted expenses	510	0
	• Movements of reserves	520	0
	• Increase/decrease on shares and units	530	0
	• Income finally assessed for tax	540	0
	•	550	0

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(in thousands EUR)	*Codes*	*Financial year* 05	*Previous Financial year* 10
XXVI. INCOME TAXES (CONTINUATION)			
C. INCIDENCE OF THE EXTRAORDINARY RESULTS ON THE AMOUNT OF TAX ON THE RESULT FOR THE FINANCIAL YEAR			
•	010	(46,025)	(272)
•	020	0	
•	030	0	
D. SOURCES OF DEFERRED TAX			
1. Deferred taxes representing assets :			
• restructuring plans	110	128,375	10,510
•	120	0	
•	130	0	
•	140	0	
•	150	0	
2. Deferred taxes representing liabilities :			
• potential fiscal claims relating to revaluations surplusses on buildings of ex-Krediet aan de Nijverheid	210	1,174	1,693
• taxes on realised capital gains spread over time	220	2,393	5,094
XXVII. OTHER TAXES PAYABLE BY THIRD PARTIES			
A. VALUE ADDED TAXES, EQUALIZATION TAXES AND Special taxes charged during the financial year :			
1. to the enterprise (deductible)	310	729,361	275,814
2. by the enterprise	320	76,878	52,044
B. AMOUNTS WITHHELD PAYABLE BY THIRD PARTIES IN RESPECT OF :			
1. Payroll withholding taxes	410	413,196	374,303
2. Withholding tax on investment income	420	325,955	310,149

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(in thousands EUR)

		Codes	Financial year 05
XXVIII.	**OFF-BALANCE SHEET RIGHTS AND COMMITMENTS NOT COVERED BY THE STATEMENTS INCLUDED IN THIS SECTION OR BY THE HEADINGS OF THE OFF-BALANCE SHEET SECTION**		
A.	Major commitments for the acquisition of fixed assets	010	0
	•	020	0
	•	030	0
	•	040	0
	Major commitments for the transfer of fixed assets	110	0
	•	120	0
	•	130	0
	•	140	0
B.	Important legal proceedings and other important commitments	210	0
	•	220	0
	•	230	0
	•	240	0
C.	Liabilities relating to supplementary retirement and survivorship system pension in favour of personnel or managerial staff, and measures taken to meet the charges resulting from it		
	310 See text annexed		
	320		
	330		
	340		
	Pensions the service of which is to be met by the enterprise itself		
	• Estimated amount of the commitments resulting for it from benefits already provided	410	0
	• Bases and methods of this estimation	420	0
XXIX.	**FINANCIAL RELATIONS WITH**		
A.	DIRECTORS AND MANAGERS		
B.	PHYSICAL PERSONS OR CORPORATE BODIES WHO OR WHICH DIRECTLY OR INDIRECTLY CONTROL THE INSTITUTION BUT WHO OR WHICH DO NOT CONSTITUTE AFFILIATED ENTERPRISES		
C.	THE OTHER ENTERPRISES DIRECTLY OR INDIRECTLY CONTROLLED BY THE ABOVE-MENTIONED PERSONS OR BODIES		
A.	1. Existing receivables on them	510	3,029
	2. Contingent liabilities in their favour	520	0
	3. Other significant commitments entered into in their favour	530	0
	Main conditions with regard to the headings A1, A2 and A3.		
	....		
	....		
B.	1. Direct and indirect remunerations and pensions charged against the income statement, provided that this entry does not relate exclusively or mainly to the situation of a single identifiable person :		
	• to directors and managers	610	8,498
	• to former directors and managers	620	326

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(in thousands EUR)

4. STAFF SURVEY

Number of the social consulting committees governing the company *310*

I. DETAILS OF STAFF EMPLOYED

A. STAFF UNDER CONTRACT

	Codes	1. Full-time financial year	2. Part-time financial year	3. Total (T) or total in full-time equivalents (FTE) financial year	4. Total (T) or total in full-time equivalents (FTE) Previous financial year
1. During the current and previous financial year					
Average number of staff	100	15,714	5,879	19,683.3 (FTE)	20,241.8 (FTE)
Effective hours worked	101	22,220,401	4,182,908	26,403,309 (T)	27,171,445 (T)
Personnel expenses (in thousands EUR)	102	1,400,770	338,452	1,739,222 (T)	1,644,702 (T)
Benefits in addition to wages	103	xxxxx	xxxxx	0 (T)	0 (T)

	Codes	1, Ful-time	2, Part-time	3, Total in full-time equivalents
2. At the end of the financial year				
a. Number of employees listed in the staff register	105	15,375	5,819	19,310.0
b. Breakdown by type of employment contract				
• Contract of unlimited duration	110	14,871	5,806	18,796.9
• Contract of limited duration	111	499	10	506.2
• Contract for a clearly defined project	112	0	0	0.0
• Temporary replacement	113	5	3	6.9
c. Breakdown by sex				
• Men	120	9,478	1,561	10,432.1
- primary school	1200			
- secondary school	1201	2,852	1,063	3,476.7
- higher non-academic degree	1202	3,337	367	3,579.0
- academic degree	1203	3,289	131	3,376.4
• Women	121	5,897	4,258	8,877.9
- primary school	1210			
- secondary school	1211	1,553	2,093	2,947.2
- higher non-academic degree	1212	2,431	1,473	3,498.5
- academic degree	1213	1,913	692	2,432.2
d. Breakdown by professional occupation				
• Management	130	1,924	73	1,979.5
• Employees	131	13,440	5,744	17,317.9
• Manual workers	132	0	0	0.0
• Other	133	11	2	12.6

B. TEMPORARY STAFF AND PERSONS AVAILABLE TO THE COMPANY

	Codes	1, Hired personnel	2, Personnel put at the disposal
During the financial year			
• Average number employed	150	99.2	0
• Effective hours worked	151	185,650	0
• Cost for the company (in thousands EUR)	152	6,362	0

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(in thousands EUR)

II. STATEMENT OF STAFF CHANGES DURING THE FINANCIAL YEAR

	Codes	1. Full-time	2. Part-time	3. Total in full-time equivalents
A. NEW EMPLOYMENT CONTRACTS				
a. Number of staff engaged during the financial year	205	753	25	772.1
b. Breakdown by type of employment contract				
• Contract of undefined duration	210	331	17	344.2
• Contract of defined duration	211	422	8	427.9
• Contract for a clearly defined project	212	0	0	0
• Interim substitution contract	213	0	0	0
B. EMPLOYMENT CONTRACTS TERMINATED				
a. Number of staff for which the staff register shows a date during the financial year on which their employment contract was terminated	305	1,102	701	1,486.2
b. Breakdown by type of employment contract				
• Contract of undefined duration	310	771	694	1,150.7
• Contract of defined duration	311	331	7	335.5
• Contract for a clearly defined project	312	0	0	0
• Interim substitution contract	313	0	0	0
c. Breakdown by raison for termination of employment contract				
• Pension	340	135	553	420.9
• Early retirement	341	0	0	0
• Dismissal	342	118	18	130.5
• Other reason	343	849	130	934.8
of which : the number of employees who continue to work or the company as an independent on at least a half-time basis	350	0	0	0

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III. INFORMATION ON THE EDUCATION OF EMPLOYEES DURING THE FINANCIAL YEAR

	Codes	*Men*	*Codes*	*Women*
Figures referring to all training programmes at the expense of the company				
1. Number of trainees	5801	8,143	5811	7,424
2. Number of training hours	5802	223,725	5812	218,787
3. Expenses for the enterprise	5803	27,918	5813	27,302
Of which gross expenses linked to trainings	58031	27,605	58131	27,017
Of which contributions paid and payments done to a fund	58032	313	58132	286
Of which allowances and other financial advantages received (to deduct)	58033	0	58133	0

Figures referring to all less conventional and unconventional training programmes at the expense of the company	*Codes*	*Men*	*Codes*	*Women*
1. Number of employees who exercise these activities	5821	675	5831	519
2. Number of hours spent on these activities	5822	11,697	5832	5,406
3. Number of employees who followed these activities	5823	734	5833	339

Figures referring to all initial training programmes at the expense of the company	*Codes*	*Men*	*Codes*	*Women*
1. Number of trainees	5841	0	5851	0
2. Number of training hours	5842	0	5852	0
3. Expenses for the enterprise	5843	0	5853	0

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(in thousands EUR)

UNCALLED AMOUNTS ON PARTICIPATING INTEREST AND SHAREHOLDINGS
in implementation of Art. 29 § 1

Heading	Company name	*Uncalled amount*
VII. A	Fortis Private Equity Belgium	32,438
	Fortis Private Asia Fund	9,000
	Sowo Invest	73
	Fintrimo	75
	Total	**41,586**
VII. B	Bem-Flemish constr & invest	519
	ViaZaventem	144
	Landwaarts Sociaal Woonkrediet (Voor Eigen Woon Genk)	0
	Credit Socail du Brabant wallon	16
	Crédit Social et les Petits Propriétaires Réunis Châtelet	4
	Total	**683**
VII. C	La Maison de l'Entreprise Mons	15
	Leenmij arr Roeselare	12
	Landwaarts Sociaal Woonkrediet (Voor Eigen Woon Genk)	80
	Uw Eigen Huis der Vlaanderen Zottegem	6
	Le Crédit hypothécaire O. Bricoult Châtelet	4
	Eigen Huis Thuis best	3
	Eigen Huis Durmestreek Lokeren	2
	Ons Eigen Huis Neerpelt	1
	Le Crédit des Travailleurs	1
	Total	**124**

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XXVIII. RIGHTS AND OBLIGATIONS NOT STATED ON THE BALANCE SHEET AND COVERED BY THE FOREGOING SECTION OR THE OFF-BALANCE SHEET ITEMS

C. Where appropriate, a brief description is given of the supplementary retirement and survival pension for employees or directors, stating the measures taken to cover the resultant costs.

I. **Brief description of the pension systems**

Four pension systems are in operation within Fortis Bank.

A. The first pension system applies for employees who joined the Bank before 1 January 2002 and who are not Fortis Bank directors (ex-ASLK, ex-Generale Bank and Fortis Bank).
This system comprises :

1) A basic defined benefit plan providing the following benefits :
   - retirement benefit payable at the retirement age (60 years), which takes into account the actual statutory pension of the member;
   - benefit payable on death before retirement age and orphan's benefit;
   - disability benefit.
2) A supplementary plan (only for the category ex-ASLK) of the defined contribution type, with compulsory contributions by the member, providing additional retirement and death benefit.

B. The second system applies for employees who joined the Bank on or after 1 January 2002 and who are not Fortis Bank directors (only the category Fortis Bank). This system, with compulsory contributions by the member, is a defined contribution system for the retirement pension and a defined benefit system for the death, orphan's and disability benefit.

C. The third system applies for employees in the category ex-KN. It is a defined contribution system for the retirement benefit and a defined benefit system for the death, orphan's and disability benefit.

D. The fourth system applies for Fortis Bank directors. It is a defined benefit system which provides the following benefits :
- retirement benefit payable at the retirement age (65 years), with the pension capital varying according to job grade;
- benefit payable on death before retirement age and orphan's benefit;
- disability benefit.

II. Brief description of the measures taken by the company to cover the resultant costs

A. The costs of the pension system are covered by :
- a not-for-profit pension fund for accrued entitlements (for the employer's contibutions) as at 31 December 2001 for the categories ex-Generale Bank and Fortis Bank; the pension fund is financed Entirely by the employer;
- a collective insurance with Fortis Insurance Belgium (ex FB-Verzekeringen nv) for the other benefits as at 31 December 2001 for the categories ex-Generale Bank and Fortis Bank;
- a collective insurance with FB-Verzekeringen nv for the other benefits.
   1) For the commitments under I.A.1), the employer pays monthly contributions to the Financing Fund of the collective insurance (calculated as a fixed percentage of salaries), monthly contributions to the Pension Fund and the premiums in respect of the various early retirement schemes.
   2) For the commitments under I.A.2), the contributions are split equally between employees and the employer.

B. The costs of the second system are covered by a collective insurance taken out with Fortis Insurance Belgium (ex FB Verzekeringen nv). Employees pay a monthly personal contribution depending on their salary. The employer pays a monthly contribution to the Financing Fund of the collective insurance.

C. The costs of the third system are covered by a collective insurance with Fortis Insurance Belgium (ex Fortis AG nv). The employer pays a monthly collective insurance premium as well as premiums in respect of the various early retirement schemes

D. The costs of the fourth system are covered by a collective insurance taken out with AXA. The employer pays a monthly collective insurance premium into the Financing Fund of the collective insurance.

Summary of the accounting policies for the non-consolidated financial statements

General principles

Fortis Bank's accounting policies comply with the rules laid down in the Royal Decree of 23 September 1992 on the annual accounts of credit institutions.

The accounting policies of Fortis Bank are the same as last year.

The following summary gives further details of the accounting policies used for the major components in the balance sheet and income statement.

Assets

Amounts receivable from credit institutions and customers

Loans and advances to credit institutions and customers are recognised for the initial amount paid less subsequent repayments and related allowances. All expenses paid to third parties for bringing in transactions with customers are fully recognised in the accounting period in which they are incurred.

Any difference between the nominal value of the loans and advances and the amounts originally granted is recognised on an accrual basis as interest income or charges in the income statement.

Other receivables are recognised at their nominal value.

Allowances for doubtful loans and for loans with an uncertain future are recognised in proportion to the part considered as unrecoverable based on objective sources of information. Once a loan has been classified as doubtful or uncertain, related interests are normally no longer included in the income statement.

The required allowances are recorded for countries listed by the Banking, Finance and Insurance Commission (CBFA). These are based on own Fortis Bank rules, corresponding minimally to the rules set out by the CBFA. In addition, the bank sets up allowances for other countries with risk exposure.

The accounting policies provide for the possibility to set up an internal security fund up to cover well-defined risks, possibly arising in the future, but which can not yet be individualised.

Bonds and shares

Securities or receivables represented by marketable securities are included in the trading portfolio if they are acquired with the intention to sell them back based on their return over a period which normally does not exceed six months.

Trading securities are valued at market value if traded on a liquid market. In absence of a liquid market, they are valued at the lower of cost (all costs included, provisions received deducted) or market value.

The fixed-income securities in the investment portfolio are recognised on basis of its yield-to-maturity. The difference between the acquisition cost (all costs included, provisions received deducted) and the redemption value is accrued in the income statement.

The gains and losses realised on the sale of fixed-income securities are immediately recognised in the income statement. If however they are realised on arbitrage transactions, they may be accrued, in accordance with the provisions of article 35ter §5 of the Royal Decree of 23 September 1992.

Shares in the investment portfolio are valued at the lower of cost (all costs included, provisions received deducted) or market value, with all differences recognised in the income statement.

If the debtor has a risk of non-payment, write-downs are made as for doubtful loans or loans with an uncertain future.

Financial fixed assets

Financial fixed assets are recognised at cost. A write-off is recorded where a decrease in value is permanent. Where financial fixed assets are financed with borrowed funds, the exchange differences on the borrowed funds are not recognised in the income statement.

Incremental costs are taken directly to the income statement.

Formation expenses and intangible fixed assets

Start-up costs are capitalised and depreciated on a straight-line basis over 5 years.

Capital increase costs are charged directly to the income statement.

The issuing costs of subordinated loans are depreciated on a straight-line basis over the duration of the loan. The issuing costs of perpetual loans are depreciated on a straight-line basis over 5 years, or over the length of the period before the date of the first call, if this date is earlier.

Costs relating to software developed by the bank itself or relating to standard or specific software acquired from third parties are recognised directly to the income statement as general expenses. If it is certain that the economic life of specific software purchased from a third party is more than one year, the economic life being mainly determined by the risk of technological changes and commercial developments, this software can be capitalised and depreciated on a straight-line basis over the estimated useful life, with a maximum of 5 years.

The other intangible fixed assets are depreciated over maximum 10 years.

The Bank makes no use of the option to capitalise commissions paid to third parties for bringing in transactions with clients with a contractual period exceeding one year.

Tangible fixed assets

Tangible fixed assets are recognised at cost, including ancillary cost and non-recoverable indirect taxes, less depreciation.

Depreciation occurs on a straight-line basis over the estimated economic life.

Revaluation of tangible fixed assets is allowed, provided that the value clearly and durably exceeds the book value.

Other assets

Among other items this heading includes deferred tax assets.

Deferred tax assets cannot be recognised. However, the CBFA allows the recognition of deferred tax assets relating to restructuring costs, including in relation to social plans.

Liabilities

Amounts payable to credit institutions and customers

The amounts payable to credit institutions and customers are recognised for the initial amount received, less subsequent repayments. All expenses paid to third parties for bringing in deposits are fully recognised in the accounting period in which they are incurred.

Amounts payable represented by a security

Debt securities issued with fixed capitalisation are recognised for the original amount plus capitalised interests.

Other amounts payable

Among other items this heading includes all debts to personnel related to salaries and other social security charges incurred during the present accounting period and paid in the next accounting period.

Provisions for risks and charges

Provisions for pensions and similar social obligations are recognised in accordance with Belgian legal requirements.

Provisions for deferred tax liabilities can only be recognised as provided for in Belgian accounting legislation and Royal Decrees.

Fund for general banking risks

Setting up the fund for general banking risks is based on a defined method, approved by the Board of Directors, applied systematically and based on the weighted volume of credit and market risks for the banking business.

Income Statement

Interest income and charges

Interest income and charges are recognised when earned or due. Once a loan has been classified as doubtful or uncertain, related interests are normally reserved and no longer included in the income statement. The actuarial depreciation of the difference between the acquisition cost and the redemption price of fixed-income securities from the investment portfolio is also included in interest revenues.

Income from variable-income securities

Revenues on shares and participations are recognised as from the moment the dividend distribution is communicated to the bank.

Derivatives

The results on derivatives are recorded differently depending on the type of transaction.

Hedging transactions

Transactions that protect against the risk of fluctuation in exchange rates, interest rates or prices. Gains and losses are recorded in the income statement symmetrically to the results of the hedged components in order to, entirely or partially, neutralise their impact.

To be considered as a hedge, transactions must comply with the following conditions:

- The hedged component or the hedged homogeneous set should expose the bank to a fluctuation risk of exchange rates, interest rates or prices.
- The hedge transactions must be specifically indicated from inception, as well as the hedged components.
- Sufficient correlation is required between the value fluctuations of the hedged component and the hedging transaction (or the underlying instrument).

As soon as a transaction does not meet the conditions to be considered as a hedge, then it should be recognised at its fair value.

Trading transactions

All transactions made in connection with the current trading activities that do not meet the requirements to be classified as hedging, are valued at market prices, with both gains and losses recognised in the income statement. If the market is not liquid, only the losses are recognised in the income statement.

Some forward interest rate transactions are valued in accordance with other valuation methods, based on derogation from the CBFA, in conformity with article 18 of the Royal Decree of 23 September 1992:

- Transactions concluded within the framework of the treasury management, with an initial maturity of a maximum of 1 year.
- Transactions concluded within the framework of balance sheet and off-balance sheet transactions, conducted with the objective of reducing the interest rate risk and documented as such.
- Transactions concluded within the framework of strategic ALM transactions in euros or a currency belonging to the European Monetary Union.

These 3 categories are valued by recording the related result on an accrual basis.

Transactions concluded within the framework of a global management, without the objective of reducing the interest rate risk;

These transactions are valued on an accrual basis, with the condition that the potential losses resulting from the valuation at market value are recognised in the income statement.

Foreign currencies

When valuing foreign currencies, a distinction is made between the monetary and non-monetary items.

Monetary items are assets and liabilities, including accruals and deferrals, rights and commitments that represent a specific amount of money in a foreign currency, as well as shares and other non-fixed income securities in the trading portfolio. Monetary items are converted at the average rate (average of bid and ask rate on the spot exchange market) at the closing date. Items settled at specific currency rates must be valued at those specific average rates. The resulting exchange differences are recognised in the income statement (with the exception of exchange gains on foreign currencies for which no liquid market exists).

Tangible, intangible and financial fixed assets are considered to be non-monetary items and are recognised at cost based on the exchange rate at the date of acquisition. When non-monetary items, exposed to a foreign exchange risk, are financed on a permanent basis with borrowed funds in the same currency, the translation differences on the borrowed funds are not recognised in the income statement.

Profit and loss components in foreign currencies are converted into euros in the income statement, at the spot exchange rate at the time of recognition as income or charges.

Report of the accredited statutory auditors

JOINT STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE ANNUAL FINANCIAL STATEMENTS OF FORTIS BANK SA/NV AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2008

As required by law and the company's articles of association, we report to you in the context of our appointment as the company's statutory auditors. This report includes our opinion on the annual financial statements and the required additional remarks and information.

UNQUALIFIED OPINION ON THE ANNUAL FINANCIAL STATEMENTS WITH EXPLANATORY PARAGRAPHS

We have audited the annual financial statements of Fortis Bank SA/NV (the "Company") as of and for the year ended 31 December 2008, prepared in accordance with the financial reporting framework applicable in Belgium, and which show a balance-sheet total of EUR (000) 477,014,641 and a loss for the year available for appropriation of EUR (000) 20,221,740.

The company's board of directors is responsible for the preparation of the annual financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with the legal requirements applicable in Belgium and with Belgian auditing standards, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement.

In accordance with the auditing standards referred to above, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The selection of these procedures is a matter for our judgment, as is the assessment of the risk that the annual financial statements contain material misstatements, whether due to fraud or error. In making this risk assessment, we have considered the company's internal control relating to the preparation and fair presentation of the annual financial statements, in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. We have also evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the presentation of the annual financial statements taken as a whole. Finally, we have obtained from the board of directors and company officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the annual financial statements give a true and fair view of the company's net worth and financial position as of 31 December 2008 and of its results for the year then ended in accordance with the financial reporting framework applicable in Belgium.

Without further qualifying our opinion, we draw the attention to the following matters:

- As described in the Report of the Board of Directors, as a result of 2008 events having impacted the Fortis group, a number of claimants have initiated legal actions against the former Fortis group, including the Company and/or certain members of their boards of directors and management. The ultimate outcome of these matters and the potential consequences for the Company and its directors cannot presently be determined, and therefore no provisions have been recorded in the annual financial statements.

- On 10 October 2008, a Share Purchase Agreement was entered into, amongst others, by Fortis SA/NV, SFPI-FPIM and the Company as a fall-back scenario in case the Protocole d'Accord (meanwhile amended) with BNP Paribas would not take effect. As indicated in the Report of the Board of Directors under the Share Purchase Agreement, the Company has the obligation to sell certain of its structured-credit instruments, at a price contractually determined on the basis of the situation at 31 August 2008, to a special-purpose vehicle (SPV) to be funded by Fortis SA/NV and SFPI-FPIM. However, since no agreement has been reached to date on which specific instruments are to be sold and considering the current uncertainties on the effective execution of the fall back scenario, the structured-credit portfolio as of 31 December 2008 has been valued without considering the aforementioned obligation.

- Despite the significant losses affecting the Company's financial position, the annual financial statements have been prepared on the assumption that the Company will pursue its activities. We refer to the Report of the Board of Directors which indicates that the Company's management, the Audit Committee and the Board of Directors have assessed the ability of the company to continue as a going concern taking into consideration all possible information for the foreseeable future (including business plan based on severe but not extreme economic conditions and the expected support from the shareholders) and have concluded that the 2008 financial statements can be prepared on a going-concern basis. Therefore, the annual financial statements do not include any adjustments in respect of the valuation or classification of certain components of the balance sheet, which could prove to be necessary if the Company was no longer able to pursue its activities.

ADDITIONAL REMARKS AND INFORMATION

The company's board of directors is responsible for the preparation and content of the report of the Board of Directors, and for ensuring that the company complies with the Companies' Code and the company's articles of association.

Our responsibility is to include in our report the following additional remarks and information, which do not have any effect on our opinion on the annual financial statements:

- The report of the Board of Directors deals with the information required by the law and is consistent with the annual financial statements. However, we are not in a position to express an opinion on the description of the principal risks and uncertainties facing the company, the state of its affairs, its foreseeable development or the significant influence of certain events on its future development. Nevertheless, we can confirm that the matters disclosed do not present any obvious inconsistencies with the information we became aware of during the performance of our mandate.

- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.

- As indicated in the Report of the Board of Directors, the Board of Directors has on 21 January 2009 (a) decided to indemnify the liability of its directors in all instances where they acted in good faith and in a manner they believed to be in the best interest of the company, except where the liability of a director would arise out of a fraud or wilful misconduct or where such liability would be covered by an insurance policy and (b) applied the article 523 of the Companies' Code as a result of the conflict of interest. Since all directors were conflicted, we understand that the company will, to the extent necessary, submit this decision to the shareholders meeting. Considering the fact that the indemnification of the liability is without limitation and depending on the occurrence of future events, if any, we are not in a position to evaluate the possible financial consequences of such a decision on the financial position of the company.

- We have no knowledge/are unaware of any transactions undertaken or decisions taken in breach of the company's statutes or the Companies' Code such as we would be obliged to report to you. The appropriation of results proposed to the general meeting is in accordance with the relevant requirements of the law and the company's articles of association.

- In its report of the Board of Directors, the Board indicates that the internal control environment was under pressure during the fourth quarter of 2008 due to the Fortis reconfiguration process and the severe deterioration of the market conditions, but that it did not have a significant influence on the overall reliability of the annual financial statements. We note that the Board of Directors of the Company has since approved an action plan to address the situation referred to above. In the context of our audit, we assessed the increased risk of material misstatement in the annual financial statements, whether due to fraud or error, and adapted our audit approach accordingly, deploying additional detailed tests of recorded transactions and balances. However, as explained in the fifth paragraph of this report, our consideration of the company's internal control relating to the preparation of the annual financial statements is designed to enable us to select appropriate audit procedures and not to express an opinion on the effectiveness of the company's internal control.

Brussels, 10 April 2009

PricewaterhouseCoopers
Bedrijfsrevisoren BCVBA

The statutory auditor
Represented by

L. Discry
Bedrijfsrevisor

Klynveld Peat Marwick Goerdeler
Bedrijfsrevisoren BCVBA

The statutory auditor
Represented by

O. Macq
Bedrijfsrevisor

Other information

1 Shareholder base

On 1 January 2008 Fortis Brussels SA/NV, *with registered office in 1000 Brussels, Rue Royale/Koningsstraat 20*, held 241,620,577 of the 241,935,663 shares of Fortis Bank. This represented about 99.87% of the capital. The origin of this participating interest has been described in previous annual reports.

Declaration article 608 Company Code

On 29 September 2008 the Board of Directors of Fortis Bank decided, within the framework of the authorised capital and without pre-emptive rights of existing shareholders, to increase the company's share capital by EUR 4,681,326,506 by issuing 241,305,490 ordinary registered shares. This capital increase was fully subscribed and paid by the **Société Fédérale de Participation et d'Investissement/Federale Participatie- en Investeringsmaatschappij SA/NV**, *with registered office in 1050 Brussels, avenue Louise/Louizalaan 54/1*, by the cash contribution of EUR 4,700,000,000. The difference between the contribution in cash and the amount of the capital increase was posted to the share premium account.

The new shares have the same rights and features as the existing Fortis Bank shares and will benefit from the same dividend and voting rights as of their issue date.

The 241,305,490 new shares constitute about 49.93% of the total number of Fortis Bank shares outstanding after the capital increase. The existing shareholders therefore undergo a dilution of 49.93% in both the capital and the profit of Fortis Bank.

This capital increase was part of the support measures taken by the Belgian government for Fortis Bank at the end of September 2008 as a result of the persisting crisis on the financial markets.

Transfer to the Société Fédérale de Participation et d'Investissement/Federale Participatie- en Investeringsmaatschappij SA/NV.

Then, on 10 October 2008 Fortis Brussels SA/NV transferred its participating interest of 241,620,577 shares in Fortis Bank, which corresponded to 50% + 1 share of the capital as a result of the capital increase of 29 September 2008, to the Société Fédérale de Participation et d'Investissement/Federale Participatie- en Investeringsmaatschappij SA/NV.

The result of the above is that, on 31 December 2008, the Société Fédérale de Participation et d'Investissement/Federale Participatie- en Investeringsmaatschappij SA/NV was holder of 482,926,067 of the 483,241,153 Fortis Bank shares. This represents 99.93% of the capital.

2 Monthly high and low for Fortis Bank shares on the weekly auctions in 2008

The monthly high and low for Fortis Bank shares on the weekly auctions of Euronext Brussels in 2008 were as follows (in EUR):

Month	Low	High
January	145.00	145.10
February	142.00	144.90
March	141.00	141.00
April	126.90	126.90
May	102.79	114.21
June	94.50	110.00
July	93.55	103.95
August	84.20	86.00
September	56.42	77.40
October	35.00	50.78
November	20.00	30.00
December	14.58	18.00

3 External posts held by directors and executives that are subject to a legal disclosure requirement

Pursuant to Article 27 of the Law of 22 March 1993 on the status and supervision of credit institutions and the attendant ruling by the Belgian Banking, Finance and Insurance Commission relating to external posts held by leaders of credit institutions and investment companies, the bank's Board of Directors has adopted "Internal regulations for Directors and Effective Leaders of Fortis Bank SA/NV holding external posts".

Inter alia, these regulations stipulate that external posts held by the bank's Effective Leaders and Directors in companies other than those falling within the scope of Article 27, § 3, 3rd alinea, of the Law of 22 March 1993 shall be disclosed in the annual management report.

The term "Effective Leaders" refers to members of the Executive Board and persons in positions at a level immediately below the said Board, including leaders of foreign branches.

As regards "external posts" – ie, principally posts as director of a company – that are subject to disclosure, this involves posts held in companies other than family property companies, "management companies", undertakings for collective investment or companies with which the bank has close links as part of the Group.

Surname, forename *Post* **Company** **(Head office)**	**Business Activity** **(Post)**	**Listing**	**Bank's Stake if 5%**
Herman VERWILST (Chairman of the Board of Directors)			
- Fortis Insurance N.V. (Utrecht – NL)	Subholding (Director)	-	-
- Fortis Insurance Belgium SA/NV (Brussels)	Insurance (Chairman of the Board of Directors)	-	-
- Fortis Insurance International N.V. (Utrecht – NL)	Holding (Chairman of the Supervisory Board)	-	-
Filip DIERCKX (Chairman of the Executive Board)			
- DIP N.V. (Antwerp)	Management services (Director)	-	-
- Informatieverwerkende Diensten van het VEV N.V. (Antwerp)	Administrative services (Director)	-	-
- SD Diensten N.V. (Antwerp)	Training & Management services (Director)	-	-
- SD Software Solutions N.V. (Antwerp)	IT services (Director)	-	-
Brigitte BOONE *(Executive Director)*			
- FB Acquisition Finance Holding B.V. (Amsterdam – NL)	Holding & finance company (Director)	-	-
- Fortis Private Equity Holding Nederland B.V. (Utrecht – NL)	Holding (Director)	-	-
- NeSBIC Groep B.V. (Utrecht – NL)	Holding & finance company (Director)	-	-
Michel DEBOECK *(Executive Director)*			
- Fortis B.V. (Utrecht – NL)	Subholding (Director)	-	-
- Fortis Venturing Holding B.V. (Amsterdam – NL)	Holding (Director)	-	-
Lieve MOSTREY *(Executive Director)*			
- Euroclear Plc (London – GB)	Clearing (Director)	-	-
- Euroclear SA/NV (Brussels)	Clearing (Director)	-	-
- Visa Europe Ltd (London – GB)	Credit cards (Director)	-	-
- Visa Europe Services Inc. (London – GB)	Credit cards (Director)	-	-
Peter VANDEKERCKHOVE *(Executive Director)*			
- Fortis Insurance Belgium SA/NV (Brussels)	Insurance (Director)	-	-
Jos CLIJSTERS *(Director)*			
- Whitehill International b.v.b.a. (Bierbeek)	Consulting, real and personal estate transactions, etc. (Business manager)	-	-
Jozef DE MEY *(Director)*			
- Credimo Holding N.V. (Asse)	Portfolio company (Director)	-	
- Credimo N.V. (Asse)	Life insurances (Vice-chairman)	-	
- De Eik N.V. (Dilbeek)	Holding (Director)	-	
- Fortis Insurance Belgium SA/NV (Brussels)	Insurance (Director)	-	
- Fortis Insurance Company (Asia) Ltd (Hong Kong – CN)	Life insurance (Director)	-	
- J. Zinner S.A. /N.V. (Brussels)	Public relations (Director)	-	

Surname, forename *Post* **Company** **(Head office)**	**Business Activity** **(Post)**	**Listing**	**Bank's Stake if 5%**
Alain DESCHENES (Director)			
- Fortis Brussels SA/NV (Brussels)	Subholding (Director)	-	
- Fortis Utrecht N.V. - (Utrecht – NL)	Subholding (Director)	-	
Joop FEILZER (Director)			
- Fortis Insurance Belgium SA/NV (Brussels)	Insurance (Director)	-	
- Henderson Eurotrust Plc. - (London – GB)	Investment company (Director)	London Stock Exchange	
- Stichting Administratiekantoor Cumulatief Preferente Aandelen Pon Holdings B.V. (Nijkerk – NL)	Administration of shares (Direcctor)	-	
Jean MEYER (*Director)*			
- Arbed S.A. (Luxembourg – L)	Iron and steel (Director)	-	
- Cargolux Airlines International S.A. (Luxembourg – L)	Airfreight (Director)	-	
- Clearstream International S.A. (Luxembourg – L)	Clearing (Director)	-	
- International Shipowners Reinsurance Company S.A. (Luxembourg – L)	Reinsurance (Director)	-	
Jean STEPHENNE *(Director)*			
- Aseptic Technologies S.A. (Rixensart)	Pharmaceutical industry (Director)	-	
- BESIX Group SA/NV (Brussels)	Construction (Chairman of the Board of Directors)	-	
- GlaxoSmithKline Biologicals S.A. (Rixensart)	Pharmaceutical industry (Chairman of the Board of Directors)	-	
- GlaxoSmithKline Biologicals Manufacturing S.A. (Rixensart)	Pharmaceutical industry (Director)		
- Groupe Bruxelles Lambert SA/NV (Brussels)	Investment company (Director)	Euronext Brussels	
- Henogen S.A. (Charleroi)	Pharmaceutical industry (Chairman of the Board of Directors)	-	
- Ion Beam Applications S.A. (Louvain-la-Neuve)	Technology (Director)	Euronext Brussels	
- Nanocyl S.A. (Namur)	Chemicals (Director)	-	
- Vesalius Biocapital I S.A., SICAR (Luxembourg – L)	Risk capital (Chairman of the Board of Directors)	-	
Peer van HARTEN (Director)			
- ASR Nederland N.V. (Utrecht – NL)	Insurance holding (Director)	-	
- CPSS (Medis) S.A. (Lisbon – P)	Health insurance (Chairman of the Board of Directors)	-	
- Fortis (UK) Ltd. (Eastleigh – GB)	Holding (Director)	-	
- Fortis Brussels SA/NV (Brussels)	Subholding (Director)	-	
- Fortis Corporate Insurance N.V. (Amstelveen – NL)	Insurance (Chairman of the Supervisory Board)	-	
- Fortis Hypotheek Bank N.V. (Rotterdam – NL)	Bank (Director)	-	
- Fortis Insurance N.V. (Utrecht – NL)	Subholding (Director)	-	
- Fortis Insurance Belgium S.A. /N.V. (Brussels)	Insurance (Director)	-	
- Fortis Insurance International N.V. (Utrecht – NL)	Holding (Director)	-	
- Fortis Reinsurance N.V. (Utrecht – NL)	Insurance (Chairman of the Supervisory Board)	-	

Surname, forename *Post* **Company** **(Head office)**	**Business Activity** **(Post)**	**Listing**	**Bank's Stake if 5%**
- Fortis Utrecht N.V. (Utrecht – NL)	Subholding (Director)	-	
- Mayban Fortis Holdings Berhad Plc (Kuala Lumpur – MY)	Holding (Vice-chairman of the Board of Directors)	-	
- MilleniumBCP Fortis Grupo Segurador S.A. (Lisbon – P)	Holding (Chairman of the Board of Directors)	-	
- Muang Thai Fortis Holdings Company Ltd (Bangkok – TH)	Holding (Director)	-	
- Occidental Seguros S.A. (Lisbon – P)	Insurance (Chairman of the Board of Directors)	-	
- Occidental Vida S.A. (Lisbon – P)	Life insurance (Chairman of the Board of Directors)	-	
- PensoesGere S.A. (Lisbon – P)	Pension management (Chairman of the Board of Directors)	-	
- Taiping Life Insurance Company Ltd. (Shanghai – CN)	Life insurance (Director)	-	
Robert van OORDT *(Director)*			
- Draka Holding N.V. (Amsterdam – NL)	Cable - Telecommunications (Member of the Supervisory Board)	Euronext Amsterdam	
- Schering-Plough Inc. (Kenilworth – USA)	Pharmaceutical industry (Director)	NYSE, Deutsche Börse	
Unibail-Rodamco S.A. (Paris – F)	Real estate investment (Chairman of the Supervisory Board)	Euronext Amsterdam & Paris	
Luc VANSTEENKISTE *(Director)*			
- Compagnie Mobilière et Foncière du Bois Sauvage SA/NV (Brussels)	Investment company (Director)	Euronext Brussels	
- Delhaize Group SA/NV (Brussels)	Chain store (Director)	Euronext Brussels, NYSE	
- Recticel SA/NV (Brussels)	Chemicals (Managing Director) (1)	Euronext Brussels	
- Rec-Hold SA/N.V. (Brussels)	Holding company (Director) (1)	-	
- Sioen Industries N.V. (Ardooie)	Textiles (Director) (1)	Euronext Brussels	
- Spector Photo Group N.V. (Wetteren)	Photo-finishing (Chairman of the Board of Directors) (1)	Euronext Brussels	
- Telindus Group SA/NV (Brussels)	Telecommunications (Chairman of the Board of Directors) (2)	-	
- Ter Beke N.V. (Waarschoot)	Food (Director) (1)	Euronext Brussels	
	(1) Through Vean S.A (2) Through LMCL S.C.A.		
Philippe DELVA *(General Manager)*			
- Rose N.V. (Ronse)	Knitting products (Permanent representative of Deltal N.V.)	-	
- Gowitex N.V. (Ronse)	Knitting products (Permanent representative of Deltal N.V.)	-	
- D.T.O. b.v.b.a. (Kortrijk)	Textile products (Permanent representative of Deltal N.V.)	-	
Peter FOO *(General Manager Singapore Branch)*			
- Cityspring Infrastructure Management Pte Ltd (Singapore)	Infrastructure (Director)	Singapore	

Luc HENRARD *(General Manager)*			
- Sopartec S.A. (Louvain-la-Neuve)	Management of the licences and the copy- rights of spin-offs (Director)	-	
Edit SZIRAKI*(General Manager Budapest Branch)*			
- Celestica Likvidtas Menedzsment Magyarorszag Kft. (Budapest – H)	Treasury management services (Director)	-	
Daniel THIELEMANS *(General Manager London Branch)*			
- Fortis Finance (UK) Ltd. (London – GB)	Finance company (Director)	-	
- Fortis Holdings (UK) Ltd. (London – GB)	Subholding (Director)	-	

Glossary and abbreviations

Alt-A/Jumbo

Loans where a borrower is unable or unwilling to provide the full documentation required by the agencies, but with strong credit history qualify for Alternative-A (Alt-A). Compared to agency loans, Alt-A loans have following characteristics:

(a) higher proportion of investor properties;
(b) slightly lower credit quality;
(c) lower proportion of single-family properties;
(d) higher average loan balances;
(e) higher debt-to-income ratios; and
(f) more heterogeneous pools, including a greater dispersion of loan balances and FICO scores.

Amortised cost

The amount at which a financial asset or liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation/increase of any premium/discount, and minus any write-down for impairment.

Asset backed security (ABS)

Debt instrument that represents an interest in a pool of assets. The term ''ABS'' is generally used to refer to securities in which underlying collateral consists of assets other than residential first mortgages such as credit card and home equity loans, leases, or commercial mortgage loans.

Associate

A company in which Fortis Bank has significant influence but which it does not control.

Basis point (bp)

One hundredth of a percentage point (0.01%).

Capital at Risk

In the context of operational risk, is defined as the potential operational loss amount that is not budgeted for. This potential loss may influence the solvency of the bank and corresponds to the confidence interval of 99.9% used to determine regulatory capital requirements.

Cash flow hedge (CaR)

A hedge to mitigate the exposure to variability in cash flows of a recognised asset or liability, or forecasted transaction, that is attributable to changes in variable rates or prices.

Clean fair value

The fair value excluding the unrealised portion of the interest accruals.

Clearing

Administrative settlement of securities, futures and options transactions through a clearing organisation and the financial institutions associated with it (clearing members).

Collateralised Debt Obligation (CDO)

A type of asset backed security and structured credit product that provides exposure to a portfolio of fixed income assets and divides the credit risk among different tranches with different credit ratings. CDO can comprise "Collateralized Loan Obligations" (CLOs), "Collateralized Bond Obligations (CBOs) and "Collateralized Synthetic Obligations" (CSOs).

Core Tier 1 capital

Available capital at group level, based on the banking definition of Tier 1 capital, excluding innovative hybrid capital instruments.

Credit default swap (CDS)
A credit derivative contract between two counterparties. The buyer of a credit swap receives credit protection, whereas the seller of the swap guarantees the creditworthiness an underlying financial instrument

Credit spread
The yield differential between a credit risk free benchmark security or reference rate (i.e. government bonds) and corporate bonds or credits.

Custody
An agreement, usually between an investor and a bank (or possibly an agent or a trust company), whereby the investor deposits for safekeeping securities, gold or other valuables with the bank, which in turn takes the valuables into safekeeping for a fee.

Derivative
A financial instrument such as a swap, a forward, a future contract and an option (both written and purchased). This financial instrument has a value that changes in response to changes in various underlying variables. It requires little or no net initial investment, and is settled at a future date.

Dirty fair value
The fair value including the unrealised portion of the interest accruals.

Discounted cash flow method
An approach to valuation, whereby projected future cash flows are discounted at an interest rate that reflects the time value of money and a risk premium that reflects the extra return investors demand for the risk that the cash flow might not materialise after all.

Duration
A general measure of the sensitivity of the price (the value of the principal) of a fixed-income instrument, expressed as a percentage change with a 100-basis-point change in yield. In the calculation of ‘duration of equity’, the term also refers to the weighted average timing of cash flows from an asset or a liability portfolio. It is computed on the basis of the net present values (NPV) of the cash flows (principal and interest).

Earnings at Risk
A measure of the sensitivity of future net income to hypothetical adverse changes in interest rates or equity market prices. Earnings at Risk assesses the impact of stress tests on the projected IFRS net income before tax. EaR represent a possible deviation from expected (pre tax) earnings by an adverse event over the next 12 months at a chosen confidence level. EaR covers both loss realisation as well as failing to make revenues.

Economic Capital (ECAP)
The capital Fortis Bank is required to hold to protect its net asset value to fall below zero after a worst case fair value loss over one year. Worst case being associated to a tail probability of 0.03%, reflecting a desired confidence level for economic solvency of 99.97%. Confidence interval was calibrated based on rating agencies levels for AA institutions.

Embedded derivative
A derivative instrument that is embedded in another contract - the host contract. The host contract might be a debt or equity instrument, a lease, an insurance contract or a sale or purchase contract.

Employee benefits
All forms of considerations given by an entity in exchange for service rendered by employees, including their pay or salary.

Expected Loss (EL)
The Expected Loss is the expected annual level of credit losses over an economic cycle. Actual losses for any given year will vary from the EL, but EL is the amount that our bank should expect to lose on average over an economic cycle. Expected Loss should be viewed as a cost of doing business rather than as a risk in itself.

Expected Loss is calculated as follows: EL=EAD*PD*LGD

Exposure at Default (EAD)
Gives an estimate of the amount to which the bank is exposed in the event that the borrower defaults. EAD is one of the parameters used to compute the Expected Loss (EL)

Factoring
A form of corporate financing in which a company transfers outstanding debts to a factoring company that, for a fee, assumes responsibility for the debtor records, debt collection, risk coverage and financing.

Fair value
The amount for which an asset (liability) can be bought (incurred) or sold (settled), between knowledgeable, willing parties in an arm's length transaction.

Fair value hedge
A hedge of an exposure to changes in the fair value of a recognised asset or liability (or a portion thereof) or a firm commitment. The exposure is attributable to a particular risk and will affect reported net income.

Finance lease
A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Goodwill
This represents the excess of the fair value of the assets given, liabilities incurred or assumed, and equity instruments issued over Fortis Bank's interest in the fair value of assets acquired and liabilities and contingent liabilities assumed.

Hedge accounting
Hedge accounting recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item.

HELOC
Home Equity Lines of Credit (HELOC) refers to a loan in which the lender agrees to lend a maximum amount within an agreed period. This differs from a conventional home equity loan (which is a revolving, open-end loan extended under a line of credit and secured by the borrower's residential property) in that the borrower is not advanced the entire sum up, but uses the line of credit to borrow sums that total no more than the amount.

IBNR
Incurred but not reported (IBNR) impairments on loans represent losses inherent in components of the performing loan portfolio that have not yet been specifically identified.

IFRS
International Financial Reporting Standards, used as a standard for all listed companies within the European Union as of 1 January 2005 to ensure transparent and comparable accounting and disclosure.

Impairment
A decline in value whereby the carrying amount of the asset exceeds the recoverable amount. In such a case, the carrying amount will be reduced to its recoverable amount through the income statement.

Intangible asset
An identifiable non-monetary asset without physical substance which is recognised at cost if and only if it will generate future economic benefits and if the cost of the asset can be measured reliably.

Investment property

Property held by Fortis Bank to earn rental income or for capital appreciation.

ISO Currency code list

AUD	Australia, Dollars
CAD	Canada, Dollars
CHF	Switzerland, Francs
CNY	China, Yuan Renminbi
DKK	Denmark, Kroner
GBP	Great Britain (United Kingdom), Pounds
JPY	Japan, Yen
MYR	Malaysia, Ringgits
SEK	Sweden, Kronor
THB	Thailand, Baht
TRY	Turkey, New Lira
TWD	Taiwan, New Dollars
USD	United States of America, Dollars
ZAR	South Africa, Rand

Joint venture

A contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Loss given Default (LGD)

The average amount to be lost in the event of default of the counterpart. LGD is a parameter used in the calculation of Expected Loss.

Macro hedge

A hedge used to eliminate the risk of a portfolio of assets.

Market capitalisation

Value attributed to the company by the stock market. Market capitalisation corresponds to the number of shares outstanding multiplied by the share price at a given time.

NegAm

A Negative Amortization (NegAm) product is the result of a mortgage repayment plan in which the borrower makes payments that amount to less than the interest due. Unpaid interest is then added to the outstanding loan balance, causing the outstanding loan balance to increase instead of decrease.

Net investment hedge
A hedge used to reduce the financial risks of a reporting entity's share in the net assets of a foreign business activity by entering into transactions that give an offsetting risk profile.

Notional amount
Amount of currency units, number of shares, a number of units of weight or volume or other units specified in a derivative contract.

Operating lease
A contract that allows the use of an asset against periodic payments, but does not convey rights similar to legal ownership of the asset and where the financial risks related to the asset are with the issuer of the lease contract.

Option
A contract sold by one party to another that offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security at an agreed-upon price during a certain period of time or on a specific date.

Private equity
Equity securities of companies that are not listed on a public exchange. Investors looking to sell their stake in a private company have to find a buyer in the absence of a marketplace.

Probability of Default (PD)
The probability that the counterparty will default over a one-year time horizon. PD is a parameter used in the calculation of Expected Loss.

Provision
Provisions are liabilities involving uncertainties in the amount or timing of payments. Provisions are recognised if there is a present obligation to transfer economic benefits, such as cash flows, as a result of past events and a reliable estimate can be made at the balance sheet date.

Qualifying capital
The liability components that qualify as Tier 1 capital (equity) under banking supervision regulations.

Repurchase agreement (repo)
Agreement between two parties whereby one party sells the other a security at a specified price with a commitment to buy the security back at a later date for another specified price

Return on equity (ROE)
The ratio (in percent) between the net profit and the average shareholders' equity for a financial year. A measure of profitability of equity indicating the return that a company achieves on the capital it employs.

Reverse repurchase agreement (reverse repo)
The purchase of securities with an agreement to resell them at a higher price at a specific future date.

Securities lending (borrowing) transaction
A loan (borrowing) of a security from one counterparty to another, who must eventually return (be returned) the same security as repayment. The loan is often collateralised. Securities lending allows an entity in possession of a particular security to earn enhanced returns.

Structured credit instruments (SCI)
Securities created by repackaging cash flows from financial contracts. These instruments encompass asset-backed securities (ABS), mortgage-backed securities (MBS) and collateralised debt obligations (CDO). ABS are issues backed by loans (other than mortgages), receivables or leases, MBS are issues backed by mortgage loans and CDO are a class of asset-backed securities and another term for bonds backed by a pool of bonds (CBO), loans (CLO) and other assets such as swaps (CSO). Payment of the principal and interest of the CDO is financed with the cash flows generated by the underlying financial assets.

Subordinated bond (loan)
A loan (or security) that ranks below other loans (or securities) with regard to claims on assets or earnings.

Subprime
Credit to borrowers who do not meet prime underwriting guidelines. Sub-prime borrowers have a heightened perceived risk of default, such as those who have a history of loan delinquency or default, those with a recorded bankruptcy, or those with limited debt experience

Subsidiary
Any company, of which Fortis Bank, either directly or indirectly, has the power to govern the financial and operating policies so as to obtain the benefits from its activities ('control').

Suretyship
A bond issued by an entity on behalf of a second party, guaranteeing that the second party will fulfil an obligation or series of obligations to a third party. In the event that the obligations are not met, the third party will recover its losses via the bond.

Synthetic CDO
A collateralised debt obligation (CDO) in which the underlying credit exposures are taken by entering into a credit default swap agreement instead of buying actual financial assets.

Tier 1 ratio
Core capital of a bank expressed as a percentage of the risk-weighted balance sheet total.

Trade date
The date when Fortis Bank becomes a party to the contractual provisions of a financial asset.

Value at Risk (VaR)
Abbreviation of value at risk. A technique which uses the statistical analysis of historical market trends and volatilities to estimate the likelihood that a given portfolio's losses will exceed a certain amount. For the assessment of the market risks related to its trading room activities, Fortis Bank computes VaR using a 99% confidence interval over a 1 day time horizon. This calibration aims to reflect the risks of trading activities under normal liquidity conditions.

Venture capital
In general, it refers to financing provided by investors to start up firms and small businesses with perceived, long-term growth potential.

Abbreviations

ABS	Asset backed security
AFS	Available for sale
ALM	Asset and liability management
BGL	Banque Générale de Luxembourg
CaR	Capital at Risk
CBO	Collateralised bond obligation
CDS	Credit default swap
CDO	Collateralised debt obligation
CLO	Collateralised loan obligation
CP	Commercial paper
CRE	Commercial Real Estate
CRM	Central Risk Management
CSO	Collateralised synthetic obligation
CGU	Cash generating unit
EAD	Exposure At Default
EaR	Earnings at Risk
ECB	European Central Bank
ECAP	Economic Capital
EL	Expected Loss
Euribor	Euro inter bank offered rate
FBN(H)	Fortis Bank Nederland (Holding)
HTM	Held to maturity
IBNR	Incurred but not reported
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
LGD	Loss Given Default
MBS	Mortgage-backed security
NAV	Net asset value
OTC	Over the counter
PD	Probability of Default
RMBS	Residential mortgage-backed securities
SCI	Structured Credit Instruments
SFPI/FPIM	Société Fédérale de Participations et d'Investissement /Federale Participatie- en Investeringsmaatschappij
SPE	Special purpose entity
SPV	Special purpose vehicle
VaR	Value at Risk